
**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, 2019
- 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 001-38776

FOX CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

83-182597
(I.R.S. Employer
Identification No.)

1211 Avenue of the Americas, New York, New York
(Address of Principal Executive Offices)

10036
(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbols</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock, par value \$0.01 per share	FOXA	The Nasdaq Global Select Market
Class B Common Stock, par value \$0.01 per share	FOX	The Nasdaq Global Select Market
Rights to Purchase Series A Junior Participating Preferred Stock	N/A	The Nasdaq Global Select Market

As of May 7, 2019, 354,351,378 shares of Class A Common Stock, par value \$0.01 per share, and 266,173,651 shares of Class B Common Stock, par value \$0.01 per share, were outstanding.

FOX CORPORATION
FORM 10-Q
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FOX CORPORATION
UNAUDITED CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
Revenues	\$ 2,752	\$ 2,463	\$ 8,876	\$ 7,759
Operating expenses	(1,660)	(1,444)	(5,969)	(5,054)
Selling, general and administrative	(336)	(324)	(964)	(896)
Depreciation and amortization	(58)	(43)	(152)	(126)
Impairment and restructuring charges	(14)	(14)	(14)	(11)
Interest expense	(81)	(7)	(112)	(20)
Interest income	19	-	19	-
Other, net	84	23	(116)	(75)
Income before income tax (expense) benefit	706	654	1,568	1,577
Income tax (expense) benefit	(167)	(188)	(390)	171
Net income	539	466	1,178	1,748
Less: Net income attributable to noncontrolling interests	(10)	(9)	(37)	(32)
Net income attributable to Fox Corporation stockholders	<u>\$ 529</u>	<u>\$ 457</u>	<u>\$ 1,141</u>	<u>\$ 1,716</u>

EARNINGS PER SHARE DATA

Weighted average shares

Basic	621	621	621	621
Diluted	621	621	621	621

Net income attributable to Fox Corporation stockholders per share - basic and diluted	\$ 0.85	\$ 0.74	\$ 1.84	\$ 2.76
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The accompanying notes are an integral part of these Unaudited Consolidated and Combined Financial Statements.

FOX CORPORATION
UNAUDITED CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME
(IN MILLIONS)

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
Net income	\$ 539	\$ 466	\$ 1,178	\$ 1,748
Other comprehensive income (loss), net of tax				
Unrealized holding (losses) gains on securities	-	(93)	-	84
Benefit plan adjustments and other	2	(2)	5	1
Other comprehensive income (loss), net of tax	2	(95)	5	85
Comprehensive income	541	371	1,183	1,833
Less: Net income attributable to noncontrolling interests(a)	(10)	(9)	(37)	(32)
Comprehensive income attributable to Fox Corporation stockholders	<u>\$ 531</u>	<u>\$ 362</u>	<u>\$ 1,146</u>	<u>\$ 1,801</u>

(a) Net income attributable to noncontrolling interests includes \$6 million and \$9 million for the three months ended March 31, 2019 and 2018, respectively, and \$27 million and \$32 million for the nine months ended March 31, 2019 and 2018, respectively, relating to redeemable noncontrolling interests.

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

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

	As of March 31, 2019 (unaudited)	As of June 30, 2018 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,818	\$ 2,500
Receivables, net	1,949	1,833
Inventories, net	1,074	1,180
Other	123	67
Total current assets	<u>5,964</u>	<u>5,580</u>
Non-current assets		
Property, plant and equipment, net	1,286	1,169
Intangible assets, net	2,855	2,866
Goodwill	2,691	2,747
Deferred tax assets	3,685	-
Other non-current assets	1,176	759
Total assets	<u>\$ 17,657</u>	<u>\$ 13,121</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 1,297	\$ 1,759
Total current liabilities	<u>1,297</u>	<u>1,759</u>
Non-current liabilities		
Borrowings	6,750	-
Other liabilities	863	422
Deferred income taxes	-	1,071
Redeemable noncontrolling interests	136	275
Commitments and contingencies		
Equity		
Class A common stock(a)	4	-
Class B common stock(b)	3	-
Twenty-First Century Fox, Inc. investment	-	9,513
Additional paid-in capital	8,706	-
Retained earnings	101	-
Accumulated other comprehensive (loss) income	(214)	81
Total Fox Corporation stockholders' equity	8,600	9,594
Noncontrolling interests	11	-
Total equity	<u>8,611</u>	<u>9,594</u>
Total liabilities and equity	<u>\$ 17,657</u>	<u>\$ 13,121</u>

(a) **Class A common stock**, \$0.01 par value per share, 2,000,000,000 shares authorized, 354,328,270 shares issued and outstanding as of March 31, 2019, net of nil treasury shares at par as of March 31, 2019.

(b) **Class B common stock**, \$0.01 par value per share, 1,000,000,000 shares authorized, 266,173,651 shares issued and outstanding as of March 31, 2019, net of nil treasury shares at par as of March 31, 2019.

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

FOX CORPORATION
UNAUDITED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	For the nine months ended March 31,	
	2019	2018
OPERATING ACTIVITIES		
Net income	\$ 1,178	\$ 1,748
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	152	126
Amortization of cable distribution investments	29	43
Impairment and restructuring charges	14	11
Equity-based compensation	5	-
Other, net	116	75
Deferred income taxes	322	(563)
Change in operating assets and liabilities, net of acquisitions and dispositions		
Receivables and other assets	(196)	(118)
Inventories net of program rights payable	137	(300)
Accounts payable and other liabilities	(133)	(237)
Net cash provided by operating activities	1,624	785
INVESTING ACTIVITIES		
Property, plant and equipment	(147)	(148)
Proceeds from the relinquishment of spectrum	-	354
Purchase of investments	(100)	-
Other investing activities, net	(64)	(9)
Net cash (used in) provided by investing activities	(311)	197
FINANCING ACTIVITIES		
Borrowings	6,750	-
Net transfers (to) from Twenty-First Century Fox, Inc.	(1,233)	845
Net dividend paid to Twenty-First Century Fox, Inc.	(6,500)	-
Distributions and other	(12)	(65)
Net cash (used in) provided by financing activities	(995)	780
Net increase in cash and cash equivalents	318	1,762
Cash and cash equivalents, beginning of year	2,500	19
Cash and cash equivalents, end of period	<u>\$ 2,818</u>	<u>\$ 1,781</u>

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

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Fox Corporation, a Delaware corporation (“FOX” or the “Company”), is a news, sports and entertainment company, which manages and reports its businesses in the following segments: Cable Network Programming, Television and Other, Corporate and Eliminations.

The Distribution

On March 19, 2019, the Company became a standalone publicly traded company through the pro rata distribution by Twenty-First Century Fox, Inc. (“21CF”) of all of the issued and outstanding common stock of FOX to 21CF stockholders (other than holders that were subsidiaries of 21CF) (the “Distribution”) in accordance with the Amended and Restated Distribution Agreement and Plan of Merger, dated as of June 20, 2018, by and between 21CF and 21CF Distribution Merger Sub, Inc. Following the Distribution, 354,328,270 and 266,173,651 shares of the Company’s Class A Common Stock, par value \$0.01 per share (the “Class A Common Stock”), and Class B Common Stock, par value \$0.01 per share (the “Class B Common Stock” and, together with the Class A Common Stock, the “Common Stock”), respectively, began trading independently on The Nasdaq Global Select Market. In connection with the Distribution, the Company entered into the Separation and Distribution Agreement, dated as of March 19, 2019 (the “Separation Agreement”), with 21CF, which effected the internal restructuring (the “Separation”) whereby 21CF transferred to FOX a portfolio of 21CF’s news, sports and broadcast businesses, including *FOX News*, *FOX Business*, FOX Broadcasting Company (the “FOX Network”), *FOX Sports*, FOX Television Stations Group, and sports cable networks FS1, FS2, FOX Deportes and Big Ten Network (collectively, the “FOX business”), and certain other assets, and FOX assumed from 21CF the liabilities associated with such businesses and certain other liabilities. The Separation and the Distribution were effected as part of a series of transactions (collectively, the “Transactions”) contemplated by the Amended and Restated Merger Agreement and Plan of Merger, dated as of June 20, 2018 (the “21CF Disney Merger Agreement”), by and among 21CF, The Walt Disney Company (“Disney”), TWDC Holdco 613 Corp., a wholly-owned subsidiary of Disney (“New Disney”), and certain other subsidiaries of Disney, pursuant to which, among other things, Disney merged with and into a subsidiary of New Disney and each of Disney and 21CF became wholly-owned subsidiaries of New Disney.

In connection with the Separation, the Company entered into several agreements that govern certain aspects of the Company’s relationship with 21CF and Disney following the Separation. These include the Separation Agreement, a tax matters agreement, a transition services agreement, as well as agreements relating to intellectual property licenses, employee matters, commercial arrangements and a studio lot lease and management agreement.

The Separation Agreement contains the key provisions relating to the Separation and the Distribution. The Separation Agreement identifies the assets that were transferred, the liabilities that were assumed and the contracts that were assigned to each of the Company and 21CF as part of the Separation and describes how these transfers, assumptions and assignments occurred. It also provides for cross-indemnities between the Company and 21CF.

Other matters governed by the Separation Agreement include access to financial and other information, confidentiality, access to and provision of records, continued access for the Company to 21CF insurance policies and shared contracts and certain third-party consent provisions. Pursuant to the Separation Agreement, the Company is the owner of all “FOX” brands and related trademarks, as well as all other intellectual property primarily related to the Company’s business. In addition, the Company has entered into certain trademark license agreements in connection with the use of certain intellectual property by 21CF.

The Company also entered into a tax matters agreement with Disney and 21CF that governs the parties’ respective rights, responsibilities and obligations with respect to certain tax matters. Under the tax matters agreement, 21CF will generally indemnify the Company against any taxes required to be reported on a consolidated or separate tax return of 21CF and/or any of its subsidiaries, including any taxes resulting from the Separation and the Distribution, and the Company will generally indemnify 21CF against any taxes required to be reported on a separate tax return of the Company or any of its subsidiaries. The Company may also be responsible for certain taxes resulting from the anticipated divestitures by Disney of certain assets, primarily the FOX Sports Regional Sports Networks. The Transaction Tax (as defined below) included a prepayment of the Company’s share of the estimated tax liabilities resulting from the anticipated divestitures by Disney of these assets in the amount of approximately \$700 million (which amount is subject to adjustment in the future, as described below).

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

In addition, the Company and 21CF entered into a transition services agreement under which the Company and 21CF are providing specified services to each other on a transitional basis, including broadcast operations, sports production, information systems and technology, human resources services, finance and accounting, facilities and other corporate services. Generally, the term for the provision of services under the agreement extends for no longer than two years after the Separation, subject to certain rights of the parties to extend the term for an additional three months. To the extent transition services are utilized during the first two years after the Separation, the charges paid by the recipient for the services are generally limited to the cost of providing such services. The Company anticipates that it will generally be in a position to complete the transition of most services on or before the two-year anniversary of the Separation.

The Company owns the FOX Studios Lot in Los Angeles, California and is responsible for the management of the lot, including servicing and managing the facility and managing and providing studio operation services, including production operations and post-production services. The Company leased office space on the FOX Studios Lot to 21CF for an initial term of seven years, subject to two five-year renewal options exercisable by 21CF.

The Company also entered into an employee matters agreement with 21CF that governs the parties' obligations with respect to certain employee-related liabilities and certain employee benefit plans, programs, policies and other related matters for employees of the Company (See Note 7 – Equity-Based Compensation and Note 10 – Pension and Other Postretirement Benefits).

Basis of Presentation

The Unaudited Consolidated and Combined Financial Statements of 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 and Combined 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, 2019.

These interim Unaudited Consolidated and Combined Financial Statements and notes thereto should be read in conjunction with the audited combined financial statements and notes thereto included in the Company's Registration Statement on Form 10, as amended and filed with the Securities and Exchange Commission (the "SEC") on January 7, 2019 (the "Form 10").

Prior to the Distribution, the Company's Unaudited Combined Financial Statements were prepared on a standalone basis, derived from the unaudited consolidated financial statements and accounting records of 21CF. The Company's financial statements as of June 30, 2018 and for the three and nine months ended March 31, 2018 are presented on a combined basis as the Company was not a separate consolidated group prior to the Distribution. These financial statements reflect the combined historical results of operations, financial position and cash flows of 21CF's domestic news, national sports and broadcast businesses and certain other assets and liabilities associated with such businesses. The Company became a separate consolidated group as a result of the Distribution, and the Company's financial statements as of March 31, 2019 and for the three and nine months ended March 31, 2019 are presented on a consolidated basis.

The Unaudited Consolidated and Combined Statements of Operations include allocations for certain support functions that were provided on a centralized basis within 21CF prior to the Distribution and not recorded at the business unit level, such as certain expenses related to finance, legal, insurance, information technology, compliance and human resources management activities, among others. 21CF did not routinely allocate these costs to any of its business units. These expenses were allocated to FOX on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis of combined revenues, headcount or other relevant measures. Management believes the assumptions underlying the Unaudited Consolidated and Combined Financial Statements, including the assumptions regarding allocating general corporate expenses from 21CF, are reasonable. Nevertheless, the Unaudited Consolidated and Combined Financial Statements may not include all of the actual expenses that would have been incurred by FOX and may not reflect FOX's consolidated and combined results of operations, financial position and cash flows had it been a standalone company during the entirety of the periods presented. Actual costs that would have been incurred if FOX had been a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

The Company's Consolidated Balance Sheet as of March 31, 2019 consists of the Company's consolidated balances subsequent to the Distribution. The Company's Combined Balance Sheet as of June 30, 2018 consists of the combined balances of 21CF's domestic news, national sports and broadcast businesses and certain other assets and liabilities associated with such businesses. The assets and liabilities have been reflected on a historical cost basis, as prior to the Distribution all of the assets and liabilities presented were wholly owned by 21CF and were transferred to the combined FOX group at a carry-over basis.

For purposes of the Company's financial statements for the periods prior to the Distribution, the income tax (expense) benefit in the Unaudited Consolidated and Combined Statements of Operations was calculated as if FOX filed a separate tax return and was operating as a standalone business. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of FOX's actual tax balances prior to or subsequent to the Distribution. Prior to the Distribution, the Company's operating results were included in 21CF's consolidated U.S. federal and state income tax returns. Pursuant to rules promulgated by the Internal Revenue Service and various state taxing authorities, the Company will file its initial U.S. income tax returns for the period March 20, 2019 through June 30, 2019.

The income tax accounts reflected in the Consolidated Balance Sheet as of March 31, 2019 include income taxes payable and deferred taxes attributed to the Company at the time of the Separation (See Note 8 – Related Party Transactions and Twenty-First Century Fox, Inc. Investment under the heading "Corporate Allocations and Twenty-First Century Fox, Inc. Investment"). The calculation of the Company's income taxes involves considerable judgment and the use of both estimates and allocations.

Pursuant to the 21CF Disney Merger Agreement, immediately prior to the Distribution, the Company paid to 21CF a dividend in the amount of \$8.5 billion (the "Dividend"). The final determination of the taxes in respect of the Separation and the Distribution for which the Company is responsible pursuant to the 21CF Disney Merger Agreement and a prepayment of the estimated taxes in respect of divestitures (collectively, the "Transaction Tax") was \$6.5 billion. Following the Distribution, on March 20, 2019 the Company received a cash payment in the amount of \$2.0 billion (the "Cash Payment") from Disney, which had the net effect of reducing the Dividend the Company paid to 21CF. The Transaction Tax included a prepayment of the Company's share of the estimated tax liabilities resulting from the anticipated divestitures by Disney of certain assets, principally the FOX Sports Regional Sports Networks. This prepayment was in the amount of approximately \$700 million and is subject to adjustment in the future, when the actual amounts of the tax liabilities are reported on the federal income tax returns of 21CF or Disney.

As a result of the Separation and the Distribution, FOX obtained a tax basis in its assets equal to their respective fair market values. This will result in estimated annual tax deductions of approximately \$1.5 billion, principally over the next 15 years related to the amortization of the additional tax basis. This amortization is estimated to reduce the Company's annual cash tax liability by \$360 million per year at the current combined federal and state applicable tax rate of 24%. Such estimates are subject to revisions, which could be material, based upon, among other things, final appraisals.

The Unaudited Consolidated and Combined Financial Statements include, for periods prior to the Distribution, certain assets and liabilities that were historically held at 21CF's corporate level but are specifically identifiable or otherwise attributable to the Company. All significant intracompany transactions and accounts within the Company's consolidated and combined businesses have been eliminated.

Intercompany transactions with 21CF or its affiliates and the Company are reflected in the historical Unaudited Consolidated and Combined Financial Statements for periods prior to the Distribution. All significant intercompany balances between 21CF and the Company, for periods prior to the Distribution, have been included within the Twenty-First Century Fox, Inc. investment in these Unaudited Consolidated and Combined Financial Statements.

Any change in the Company's ownership interest in a consolidated or combined subsidiary, where a controlling financial interest is retained, is accounted for as a capital transaction. When the Company ceases to have a controlling interest in a consolidated or combined subsidiary, the Company will recognize a gain or loss in net income upon deconsolidation.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

The preparation of the Company's Unaudited Consolidated and Combined Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the Unaudited Consolidated and Combined Financial Statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates.

The Company's fiscal year ends on June 30 of each year. Certain fiscal 2018 amounts have been reclassified to conform to the fiscal 2019 presentation.

Summary of Significant Accounting Policies

Earnings per Share

Basic earnings per share for the Class A Common Stock and Class B common stock is calculated by dividing Net income attributable to Fox Corporation stockholders by the weighted average number of outstanding shares of Class A Common Stock, including vested Restricted Stock Units ("RSUs"), and Class B Common Stock. Diluted earnings per share for the Class A Common Stock and Class B Common Stock is calculated similarly, except that the calculation for the Class A Common Stock includes the dilutive effect of the assumed issuance of the shares issuable under the Company's equity-based compensation plan.

On March 19, 2019, the date of the Distribution, 621 million shares of the Company's Common Stock were distributed to 21CF stockholders (other than holders that were subsidiaries of 21CF). These 621 million shares have been utilized for the calculation of basic and diluted earnings per share for all periods presented that ended prior to the date of the Distribution as no shares of common stock or equity-based awards of the Company were outstanding prior to that date (See Note 7 – Equity-Based Compensation).

Recently Adopted and Recently Issued Accounting Guidance and U.S. Tax Reform

Adopted

In January 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). The amendments in ASU 2016-01 address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The Company adopted this guidance as of July 1, 2018 on a modified retrospective basis and recorded a cumulative effect adjustment to reclassify unrealized holding gains on securities within Accumulated other comprehensive (loss) income to Twenty-First Century Fox, Inc. investment (See Note 6 – Stockholders' Equity). In addition, the Company recorded changes in the fair value of equity investments with readily determinable fair values in Net income rather than in Accumulated other comprehensive (loss) income (See Note 12 – Additional Financial Information under the heading "Other, net"). Cost method investments that do not have readily determinable fair values will be recognized prospectively at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The adjustments related to the observable price changes will also be recognized in net income.

On July 1, 2018, the Company early adopted ASU 2018-02, "Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" ("ASU 2018-02") on a prospective basis using the security-by-security approach. The objective of ASU 2018-02 is to eliminate the stranded tax effects resulting from the Tax Act (as defined below) and to improve the usefulness of information reported to financial statement users. The adoption of ASU 2018-02 resulted in a reclassification from Accumulated other comprehensive (loss) income to Twenty-First Century Fox, Inc. investment related to the income tax effects on the change in the federal statutory rate (See Note 6 – Stockholders' Equity).

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Issued

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" ("Topic 842"), as amended. Topic 842 requires recognition of lease liabilities and right-of-use assets on the balance sheet and disclosure of key information about leasing arrangements. Topic 842 will be effective for the Company for annual and interim reporting periods beginning July 1, 2019. The Company expects to apply Topic 842 on a modified retrospective basis with the cumulative effect, if any, of initially applying the new guidance recognized at the date of adoption as an adjustment to opening retained earnings. The Company is currently evaluating the impact Topic 842 will have on its consolidated financial statements, including determining which practical expedients to apply. Since the Company has a significant amount of minimum lease commitments (See Note 11 – Commitments and Contingencies in the Form 10), the Company expects that the impact of recognizing operating lease liabilities and right-of-use assets will be significant to the Company's Consolidated Balance Sheet. The Company is in process of gathering the necessary lease data and implementing accounting lease software for all leases as well as assessing necessary changes to the Company's processes and controls to support the recognition and disclosure requirements in accordance with the new standard.

In March 2019, the FASB issued ASU 2019-02, "Entertainment—Films—Other Assets—Film Costs (Subtopic 926-20) and Entertainment—Broadcasters—Intangibles—Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreements for Program Materials" ("ASU 2019-02"). The amendments in ASU 2019-02 align the accounting for production costs of episodic television series with the accounting for production costs of films. In addition, ASU 2019-02 modifies certain aspects of the capitalization, impairment, presentation and disclosure requirements in Accounting Standards Codification ("ASC") 926-20 and the impairment, presentation and disclosure requirements in ASC 920-350. ASU 2019-02 will be effective for the Company for annual and interim reporting periods beginning July 1, 2020 on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact ASU 2019-02 will have on its consolidated financial statements.

U.S. Tax Reform

On December 22, 2017, the U.S. government enacted tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act significantly revises the future ongoing U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates and implementing a territorial tax system. Effective July 1, 2018, the Company's corporate income tax rate is 21%.

The SEC issued guidance that allowed for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. In December 2018, the Company finalized its analysis and has not materially modified the provisional amounts previously recorded in the combined financial statements (See Note 2 – Summary of Significant Accounting Policies in the Form 10 under the heading "U.S. Tax Reform").

NOTE 2. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

Fiscal 2019

In May 2019, the Company and The Stars Group Inc. ("The Stars Group") announced plans to launch FOX Bet, a national media and sports wagering partnership in the United States. *FOX Sports* and The Stars Group have entered into a long-term commercial agreement through which *FOX Sports* will provide The Stars Group with an exclusive license to use certain *FOX Sports* trademarks. In addition, the Company invested \$236 million to acquire a 4.99% equity interest in The Stars Group.

In the first quarter of fiscal 2019, the Company invested, in the aggregate, approximately \$100 million in cash for a minority equity interest in Caffeine, Inc. ("Caffeine"), a social broadcasting platform for gaming, entertainment and other creative content, and Caffeine Studio, LLC ("Caffeine Studios"), a newly formed venture that is jointly owned by the Company and Caffeine. The Company accounts for the investments in Caffeine in accordance with ASU 2016-01 and Caffeine Studios as an equity method investment.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Fiscal 2018

In March 2017, the Federal Communications Commission (“FCC”) concluded a voluntary auction to reclaim television broadcast station spectrum. The Company had three stations’ bids of \$354 million to relinquish spectrum accepted by the FCC as part of the auction and received the proceeds in July 2017. As a result, spectrum previously utilized by its television stations in Washington, DC, Charlotte, NC and Chicago, IL designated market areas, in which the Company operates duopolies, was relinquished to the FCC. The Company recorded a pre-tax gain of \$114 million of which \$102 million was recorded in fiscal 2018 and the remaining balance was recorded in Other, net in the Unaudited Consolidated Statement of Operations for the nine months ended March 31, 2019 for the spectrum relinquished to the FCC in July 2018. These television stations will continue broadcasting using the spectrum of the existing FOX Network owned and operated station in that market.

NOTE 3. INVENTORIES, NET

The Company’s inventories were comprised of the following:

	As of March 31, 2019	As of June 30, 2018
(in millions)		
Sports programming rights	\$ 928	\$ 983
Entertainment programming rights	367	318
Total inventories, net	1,295	1,301
Less: current portion of inventories, net	(1,074)	(1,180)
Total non-current inventories, net	<u>\$ 221</u>	<u>\$ 121</u>

The Company evaluates the recoverability of the unamortized costs associated with the Company’s programming rights using total estimated advertising and other revenues attributable to the program material and considering the Company’s expectations of the usefulness of the program rights. As a result of the evaluation, the Company recognized a write-down of approximately \$55 million related to entertainment and syndicated programming rights at the Television segment, which was recorded in Operating expenses in the Unaudited Consolidated Statements of Operations for the three and nine months ended March 31, 2019.

NOTE 4. 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 following tables present information about financial assets and liabilities carried at fair value on a recurring basis. As of March 31, 2019 and June 30, 2018, there were no assets or liabilities in the Level 2 category.

	Fair value measurements		
	As of March 31, 2019		
	Total	Level 1	Level 3
(in millions)			
Assets			
Investments ^(a)	\$ 389	\$ 389	\$ -
Redeemable noncontrolling interests ^(b)	(136)	-	(136)
Total	<u>\$ 253</u>	<u>\$ 389</u>	<u>\$ (136)</u>

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	As of June 30, 2018		
	Total	Level 1	Level 3
	(in millions)		
Assets			
Investments(a)	\$ 257	\$ 257	\$ -
Redeemable noncontrolling interests(b)	(275)	-	(275)
Total	<u>\$ (18)</u>	<u>\$ 257</u>	<u>\$ (275)</u>

(a) Represents an investment in equity securities of Roku, Inc. ("Roku") with a readily determinable fair value.

(b) The Company utilizes the market approach valuation technique for its Level 3 fair value measures. Inputs to such measures could include observable market data obtained from independent sources such as broker quotes and recent market transactions for similar assets. It is the Company's policy to maximize the use of observable inputs in the measurement of its Level 3 fair value measurements. To the extent observable inputs are not available, the Company utilizes unobservable inputs based upon the assumptions market participants would use in valuing the liability. Examples of utilized unobservable inputs are future cash flows and long term growth rates.

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 rights held by the minority shareholder in one of the Company's majority-owned sports networks.

The changes in redeemable noncontrolling interests classified as Level 3 measurements were as follows:

	For the three months ended		For the nine months ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	(in millions)			
Beginning of period	\$ (106)	\$ (195)	\$ (275)	\$ (154)
Net income	(6)	(9)	(27)	(32)
Distributions	6	10	25	29
Accretion and other	(30)	(32)	141 (a)	(69)
End of period	<u>\$ (136)</u>	<u>\$ (226)</u>	<u>\$ (136)</u>	<u>\$ (226)</u>

(a) As a result of the expiration of a portion of the minority shareholder's put right, approximately \$200 million was reclassified into equity.

As of March 31, 2019, the redeemable noncontrolling interests are not exercisable. A portion of the minority shareholder's put right will become exercisable in July 2019.

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Financial Instruments

The carrying value of the Company's financial instruments, such as cash and cash equivalents, receivables, payables and investments without a readily determinable fair value and not accounted for using the equity method, approximates fair value.

	As of March 31, 2019	As of June 30, 2018
	(in millions)	
Borrowings		
Fair value	\$ 7,320	\$ -
Carrying value	\$ 6,750	\$ -

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).

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.

Generally, the Company does not require collateral to secure receivables. As of March 31, 2019, the Company had one customer that accounted for approximately 13% of the Company's receivables. As of June 30, 2018, the Company had two customers that accounted for approximately 21% of the Company's receivables.

NOTE 5. BORROWINGS

Senior Notes Issued Under January 2019 Indenture

In January 2019, the Company issued \$6.8 billion of senior notes (as summarized below) (the "Notes") in a private offering and used the net proceeds from the sale of the Notes, together with available cash on its balance sheet, to fund the Dividend and to pay fees and expenses incurred in connection with the issuance of the Notes and the Transactions.

	Outstanding as of March 31, 2019	
	(in millions)	
Senior notes		
3.666% senior notes due 2022	\$	750
4.030% senior notes due 2024		1,250
4.709% senior notes due 2029		2,000
5.476% senior notes due 2039		1,250
5.576% senior notes due 2049		1,550
Total senior notes		6,800
Less: unamortized debt issuance costs		(50)
Total borrowings	\$	6,750

The Notes were issued under an Indenture, dated as of January 25, 2019, by and between the Company and The Bank of New York Mellon, as Trustee (the "2019 Indenture"). The Notes are direct unsecured obligations of the Company and rank pari passu with all other senior indebtedness of the Company, including the indebtedness under the Revolving Credit Agreement described below. Redemption may occur, at the option of the holders, at 101% of the principal amount plus an accrued interest amount in certain circumstances where a change of control is deemed to have occurred. The Notes are subject to certain covenants, which, among other things, limit the Company's ability and the ability of the Company's subsidiaries, to create liens and engage in a merger, sale or consolidation transaction. The 2019 Indenture does not contain any financial maintenance covenants.

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Revolving Credit Agreement

On March 15, 2019, the Company entered into a credit agreement (the "Revolving Credit Agreement") among the Company as Borrower, the initial lenders named therein, the initial issuing banks named therein, Citibank, N.A., as Administrative Agent, Deutsche Bank Securities Inc. and Goldman Sachs Bank USA, as Co-Syndication Agents, JPMorgan Chase Bank, N.A. and Morgan Stanley Bank, N.A., as Co-Documentation Agents and the other parties party thereto. The Revolving Credit Agreement provides for a \$1.0 billion unsecured revolving credit facility with a sub-limit of \$150 million available for the issuance of letters of credit and a maturity date of March 2024. Under the Revolving Credit Agreement, the Company may request an increase in the amount of the credit facility commitments up to a maximum facility amount of \$1.5 billion and the Company may request that the maturity date be extended for up to two additional one-year periods. The material terms of the Revolving Credit Agreement include the requirement that the Company maintain specific leverage ratios and limitations on indebtedness. The interest rates and fees under the Revolving Credit Agreement are based on the Company's long-term senior unsecured non-credit enhanced debt ratings. Given the current credit ratings, the interest rate on borrowings under the Revolving Credit Agreement would be London Interbank Offered Rate ("LIBOR") plus 1.1% and the facility fee is 0.15%. As of March 31, 2019, there were no borrowings outstanding under the Revolving Credit Agreement.

Bridge Credit Agreement

In addition, as previously disclosed, 21st Century Fox America, Inc., a wholly owned subsidiary of 21CF, entered into a commitment letter on behalf of FOX with the financial institutions party thereto to provide FOX with financing in connection with the Dividend. Upon the issuance of the Notes, the commitment letter was reduced to \$1.7 billion. In anticipation of the payment of the Dividend, the Company entered into a \$1.7 billion 364-Day Bridge Term Loan Agreement (the "Bridge Credit Agreement") on March 15, 2019 with the initial lenders named therein, Goldman Sachs Bank USA, as Administrative Agent, Sole Lead Arranger and Sole Bookrunner, and Citibank, N.A. and Deutsche Bank Securities Inc., as Co-Syndication Agents. The Company did not request any borrowings under the Bridge Credit Agreement and, as permitted under the terms of the agreement, terminated the agreement on March 20, 2019. In connection with such termination all accrued and unpaid fees thereunder were paid in full and all commitments thereunder were terminated.

NOTE 6. STOCKHOLDERS' EQUITY

Common Stock and Preferred Stock

The Company has two classes of common stock that are authorized and outstanding: Class A Common Stock and Class B Common Stock. As a general matter, holders of Class B Common Stock are entitled to one vote per share on all matters on which stockholders have the right to vote, including director elections. Holders of Class A Common Stock are entitled to vote only in the limited circumstances set forth in the Company's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation").

In the event of a liquidation or dissolution or winding up of the Company, after distribution in full of the preferential and/or other amounts to be distributed to the holders of shares of any outstanding series of preferred stock or series common stock, holders of Class A Common Stock and Class B Common Stock, to the extent fixed by the Board of Directors with respect thereto, are entitled to receive all of the remaining assets of the Company available for distribution to its stockholders, ratably in proportion to the number of shares held by Class A Common Stock holders and Class B Common Stock holders, respectively. In the event of any merger or consolidation with or into another entity, the holders of Class A Common Stock and the holders of Class B Common Stock generally are entitled to receive substantially identical per share consideration.

Under the Certificate of Incorporation, the Board of Directors is authorized to issue shares of preferred stock or common stock at any time, without stockholder approval, and to determine all the terms of those shares, including the following:

- (i) the voting rights, if any, except that the issuance of preferred stock or series common stock which entitles holders thereof to more than one vote per share requires the affirmative vote of the holders of a majority of the combined voting power of the then outstanding shares of the Company's capital stock entitled to vote generally in the election of directors;

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- (ii) the dividend rate and preferences, if any, which that preferred stock or common stock will have compared to any other class; and
- (iii) the redemption and liquidation rights and preferences, if any, which that preferred stock or common stock will have compared to any other class.

Any decision by the Board of Directors to issue preferred stock or common stock must, however, be taken in accordance with the Board of Directors' fiduciary duty to act in the best interests of the Company's stockholders. The Company is authorized to issue 35,000,000 shares of preferred stock, par value \$0.01 per share and 35,000,000 shares of series common stock, par value \$0.01 per share. The Board of Directors has the authority, without any further vote or action by the stockholders, to issue preferred stock and series common stock in one or more series and to fix the number of shares, designations, relative rights (including voting rights), preferences, qualifications and limitations of such series to the full extent permitted by Delaware law.

Temporary Stockholder Rights Plan

In connection with the Distribution, the Board of Directors approved the adoption of a Temporary Stockholder Rights Agreement (the "Rights Agreement"), effective March 19, 2019. The Rights Agreement will expire following the next annual meeting of stockholders of the Company, unless the rights are redeemed earlier by the Company or the Rights Agreement is approved by the Company's stockholders. In adopting the Rights Agreement, the Board of Directors considered that there may be significant volume of trading in the Company's shares around the time of the Distribution. The Rights Agreement is intended to protect the stockholders of the Company during the post-Distribution period from actions that the Board of Directors determines are not in the best interest of the Company's stockholders. The Rights Agreement is not intended to interfere with any merger, tender or exchange offer, share acquisition or other business combination transaction approved in advance by the Board of Directors, and the Rights Agreement does not prevent the Board of Directors from considering any offer that it considers to be in the best interest of the Company's stockholders.

Pursuant to the Rights Agreement, the Company declared a dividend distribution of one right (a "Class A Right") for each outstanding share of the Company's Class A Common Stock and one right (a "Class B Right" and, together with the Class A Rights, the "Rights") for each outstanding share of the Company's Class B Common Stock, in each case as of the close of business on April 2, 2019. One Class A Right will also be issued together with each share of Class A Common Stock issued by the Company after April 2, 2019 and prior to the Distribution Date (as defined in the Rights Agreement), and in certain circumstances, after the Distribution Date. One Class B Right will also be issued together with each share of Class B Common Stock issued by the Company after April 2, 2019 and prior to the Distribution Date and in certain circumstances, after the Distribution Date. Initially, these Rights are not exercisable and trade with the Company's Class A Common Stock and Class B Common Stock.

The Rights will become exercisable only if a person or group obtains beneficial ownership (as defined in the Rights Agreement) of 15% or more of the Class B Common Stock outstanding, or 15% or more of the Common Stock outstanding. In each such case, each Class A Right and each Class B Right will entitle its holder (except the acquiring person or group) to purchase, at the exercise price of \$160 (subject to adjustments provided in the Rights Agreement), a number of authorized but unissued shares of Class A Common Stock or Class B Common Stock, respectively, having a then current market value of two times the exercise price of the Right.

The Rights are not exercisable because of any current stockholder's beneficial ownership of 15% or more of either Class A or Class B Common Stock, unless such stockholder acquires beneficial ownership of additional shares (subject to certain exceptions set forth in the Rights Agreement).

Dividends

Subsequent to March 31, 2019, the Company declared a semi-annual dividend of \$0.23 per share on both the Class A Common Stock and the Class B Common Stock. The dividend declared is payable on June 3, 2019 with a record date for determining dividend entitlements of May 20, 2019.

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Stockholders' Equity

The following tables summarize changes in stockholders' equity:

	For the three months ended March 31, 2019			For the nine months ended March 31, 2019		
	Fox Corporation stockholders	Noncontrolling interests(a)	Total equity	Fox Corporation stockholders	Noncontrolling interests(a)	Total equity
	(in millions)					
Balance, beginning of period	\$ 10,394	\$ 12	\$ 10,406	\$ 9,594	\$ -	\$ 9,594
Net income	529	4	533	1,141	10	1,151
Other comprehensive income	2	-	2	5	-	5
Other	(26)	(5)	(31)	136 (b)	1	137
Transferred from Twenty-First Century Fox, Inc. investment to Accumulated other comprehensive (loss) income	(14) (c)	-	(14)	(157) (c)	-	(157)
Net decrease in Twenty-First Century Fox, Inc. investment	(2,285)	-	(2,285)	(2,119)	-	(2,119)
Balance, end of period	<u>\$ 8,600</u>	<u>\$ 11</u>	<u>\$ 8,611</u>	<u>\$ 8,600</u>	<u>\$ 11</u>	<u>\$ 8,611</u>

	For the three months ended March 31, 2018			For the nine months ended March 31, 2018		
	Fox Corporation stockholders	Noncontrolling interests(a)	Total equity	Fox Corporation stockholders	Noncontrolling interests(a)	Total equity
	(in millions)					
Balance, beginning of period	\$ 7,953	\$ -	\$ 7,953	\$ 6,093	\$ -	\$ 6,093
Net income	457	-	457	1,716	-	1,716
Other comprehensive (loss) income	(95)	-	(95)	85	-	85
Other	(32)	-	(32)	(69)	-	(69)
Net increase in Twenty-First Century Fox, Inc. investment	700	-	700	1,158	-	1,158
Balance, end of period	<u>\$ 8,983</u>	<u>\$ -</u>	<u>\$ 8,983</u>	<u>\$ 8,983</u>	<u>\$ -</u>	<u>\$ 8,983</u>

(a) Excludes Redeemable noncontrolling interests which are reflected in temporary equity (See Note 4 – Fair Value under the heading “Redeemable Noncontrolling Interests”).

(b) Approximately \$200 million was reclassified to equity from Redeemable noncontrolling interests (See Note 4 – Fair Value).

(c) See Note 10 – Pension and Other Postretirement Benefits.

Comprehensive Income

Comprehensive income is reported in the Unaudited Consolidated and Combined Statements of Comprehensive Income and consists of Net income and Other comprehensive income (loss), including unrealized holding gains and losses on securities and benefit plan adjustments, which affect Total equity, and under GAAP, are excluded from Net income.

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

	For the three months ended March 31, 2018			For the nine months ended March 31, 2018		
	Before tax	Tax benefit	Net of tax	Before tax	Tax provision	Net of tax
	(in millions)					
(Losses) gains on securities						
Unrealized (losses) gains	\$ (122)	\$ 29	\$ (93)	\$ 161	\$ (77)	\$ 84
Other comprehensive (loss) income	\$ (122)	\$ 29	\$ (93)	\$ 161	\$ (77)	\$ 84

Accumulated other comprehensive (loss) income

The following table summarizes the changes in the components of Accumulated other comprehensive (loss) income, net of tax:

	For the three months ended March 31, 2019			For the nine months ended March 31, 2019		
	Unrealized holding gains on securities	Benefit plan adjustments and other	Accumulated other comprehensive (loss) income	Unrealized holding gains on securities	Benefit plan adjustments and other	Accumulated other comprehensive (loss) income
	(in millions)					
Balance, beginning of period	\$ -	\$ (202)	\$ (202)	\$ 130	\$ (49)	\$ 81
Adoption of ASUs	-	-	-	(130) (a)	(13) (b)	(143)
Other comprehensive income, net of tax	-	2	2	-	5	5
Transferred from Twenty-First Century Fox, Inc. investment	-	(14) (c)	(14)	-	(157) (c)	(157)
Balance, end of period	\$ -	\$ (214)	\$ (214)	\$ -	\$ (214)	\$ (214)

(a) Reflects the adoption of ASU 2016-01 (See Note 1 – Description of Business and Basis of Presentation under the heading “Recently Adopted and Recently Issued Accounting Guidance and U.S. Tax Reform” for additional information).

(b) Reflects the adoption of ASU 2018-02 (See Note 1 – Description of Business and Basis of Presentation under the heading “Recently Adopted and Recently Issued Accounting Guidance and U.S. Tax Reform” for additional information).

(c) See Note 10 – Pension and Other Postretirement Benefits.

NOTE 7. EQUITY-BASED COMPENSATION

Prior to the Distribution, the Company’s employees participated in 21CF’s equity plans. 21CF had plans authorized to grant equity awards of 21CF stock to the Company’s employees. The equity-based compensation expense recorded by the Company, in the periods presented, includes the expense associated with the employees historically attributable to the Company’s operations, as well as the expense associated with the allocation of equity-based compensation expense for corporate employees.

2019 Shareholder Alignment Plan

In connection with the Distribution, the Company adopted the Fox Corporation 2019 Shareholder Alignment Plan (the “SAP”), under which equity-based compensation, including stock options, stock appreciation rights, restricted and unrestricted stock, RSUs and other types of FOX equity awards may be granted. The Company’s officers, directors and employees are eligible to participate in the SAP. The maximum number of shares of Class A Common Stock that may be issued under the SAP is 65 million shares. As of March 31, 2019, the remaining number of shares of Class A Common Stock available for issuance under the SAP was approximately 59.5 million.

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In connection with the Distribution, 21CF performance stock units ("PSUs") scheduled to vest in 2019 and 50% of 21CF retention RSUs were accelerated and paid out in shares of 21CF class A common stock in March 2019. 21CF RSUs and PSUs scheduled to vest after 2019 were converted into new equity awards of the Company, using a formula designed to preserve the intrinsic value of the awards immediately prior to the Distribution. Converted awards have the same terms and features as the original 21CF awards, except for the PSUs, which were converted into RSUs that are subject only to time-based vesting conditions and are no longer subject to achievement of applicable performance goals. In addition, the remaining 50% of the 21CF retention RSUs were converted into new FOX RSUs and Disney RSUs on the same pro rata basis accorded to shareholders of 21CF common stock in the mergers contemplated by the 21CF Disney Merger Agreement. All of the converted FOX RSUs were granted under the SAP and the approximately 5.5 million shares of Class A Common Stock that may be issued under the converted FOX RSUs do not count against the maximum number of shares that may be issued under the SAP described above.

Awards granted under the SAP (other than a stock option or stock appreciation right) entitle the holder to receive Dividend Equivalents (as defined in the SAP) for each regular cash dividend on the common stock underlying the award paid by the Company during the award period. Dividend equivalents granted with respect to equity awards will be accrued during the applicable vesting period and such dividend equivalents will vest and be paid only if and when the underlying award vests.

Restricted Stock Units

RSUs are awards that represent the potential to receive shares of Class A Common Stock at the end of the applicable vesting period, subject to the terms and conditions of the SAP, the applicable award documents and such other terms and conditions as the Compensation Committee of the Board of Directors of FOX (the "Compensation Committee") may establish. RSUs awarded under the SAP are fair valued based upon the fair market value of Class A Common Stock on the grant date. Any person who holds RSUs shall have no ownership interest in the shares of Class A Common Stock to which such RSUs relate until and unless shares of Class A Common Stock are delivered to the holder.

In March 2019, in connection with the Distribution, the Compensation Committee granted approximately 2.4 million RSUs under the SAP, which will primarily vest in two tranches. Approximately 50% of the RSUs will vest on June 15, 2020 and the remaining RSUs will vest on June 15, 2021, in each case, subject to a service requirement through the vesting dates.

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The following table summarizes the activity related to target PSUs and RSUs granted to the Company's employees to be settled in stock (PSUs and RSUs in thousands):

	For the nine months ended March 31, 2019	
	Number of shares	Weighted average grant- date fair value(a)
PSUs and RSUs		
Unvested units at beginning of the year	10,896	\$ 29.77
Granted prior to the Distribution	1,565	46.11
Vested	(4,882)	29.54
Cancelled	(3,121)	29.73
Net units granted in conversion, as a result of the Separation(b)	1,011	N/A
Subtotal of unvested units after the conversion	5,469	29.17
Granted after the Distribution	2,405	40.14
Unvested units at the end of the period(c)	<u>7,874</u>	<u>\$ 32.52</u>

(a) The weighted average grant date fair value prior to the Distribution represents the fair value of awards granted with respect to 21CF Class A Common Stock prior to the conversion of the awards to FOX equity awards. The weighted average grant date fair value of the unvested units after the conversion represents the fair value of awards using the applicable conversion ratio.

(b) As disclosed above, 21CF RSUs and PSUs scheduled to vest after 2019 were converted into new equity awards of the Company, using a formula designed to preserve the value of the awards immediately prior to the Distribution. In addition, the 50% of the 21CF retention RSUs that were not accelerated and paid out in shares of 21CF class A common stock were converted into new FOX RSUs and Disney RSUs on the same pro rata basis accorded to shareholders of 21CF common stock in the mergers contemplated by the 21CF Disney Merger Agreement.

(c) The intrinsic value of these unvested RSUs was approximately \$290 million as of March 31, 2019.

Stock Options

Stock options are awards that entitle the holder to purchase a specified number of shares of Class A Common Stock at a specified price for a specified period of time and become exercisable over time, subject to the terms and conditions of the SAP, the applicable award documents and such other terms and conditions as the Compensation Committee may establish. Stock Options granted under the SAP were fair valued using a Black-Scholes option valuation model that uses the following assumptions: (i) expected volatility was based on historical volatility of 21CF and the Company's peer group over the expected term of the stock options; (ii) expected term of stock options granted was determined by analyzing historical data of the Company's peer group and represented the period of time that stock options granted were expected to be outstanding; (iii) risk-free interest rate was based on the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award; and (iv) expected dividend yield.

In March 2019, in connection with the Distribution, the Compensation Committee granted approximately 3.1 million stock options with an exercise price of \$40.26 and grant-date fair value of \$8.67 under the SAP. The stock options will vest 50% on June 15, 2020 and 50% on June 15, 2021, in each case, subject to a service requirement through the vesting dates. The options will expire approximately seven years from the grant date.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants during the nine months ended March 31, 2019:

	For the nine months ended March 31, 2019
Expected volatility	26.50%
Risk-free interest rate	2.41%
Expected dividend yield	1.12%
Expected term of stock options	3.84 years

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
	(in millions)			
Equity-based compensation(a)	\$ 38	\$ 41	\$ 71	\$ 69
Intrinsic value of all settled equity-based awards	\$ 130	\$ -	\$ 240	\$ 31

(a) Prior to the Distribution, equity-based compensation included allocated expense for both executive directors and corporate executives of 21CF, allocated using a proportional allocation driver, which management has deemed to be reasonable.

As of March 31, 2019, the Company's total estimated compensation cost, not yet recognized, related to non-vested equity awards held by the Company's employees for all plans presented was approximately \$210 million and is expected to be recognized over a weighted average period between two and three years. For awards granted under the SAP that have only service requirements and a graded vesting schedule, the Company recognizes this compensation cost on a straight-line basis over the requisite service period for the entire award.

NOTE 8. RELATED PARTY TRANSACTIONS AND TWENTY-FIRST CENTURY FOX, INC. INVESTMENT

Related Party Transactions

In the ordinary course of business, the Company enters into transactions with related parties, including subsidiaries and equity affiliates of 21CF (prior to the Distribution), to buy and/or sell programming and purchase and/or sell advertising.

The following table sets forth the net revenue from related parties included in the Unaudited Consolidated and Combined Statements of Operations:

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
	(in millions)			
Related party revenue	\$ 111	\$ 42	\$ 289	\$ 174
Related party expense	(33)	(18)	(67)	(67)
Related party revenue, net of expense	\$ 78	\$ 24	\$ 222	\$ 107

Corporate Allocations and Twenty-First Century Fox, Inc. Investment

Prior to the Distribution, 21CF provided services to and funded certain expenses for the Company such as: global real estate and occupancy costs and employee benefits ("Direct Corporate Expenses"). In addition, the Company's Unaudited Consolidated and Combined Financial Statements include general corporate expenses of 21CF which were not historically allocated to the Company for certain support functions that were provided on a centralized basis within 21CF and not recorded at the business unit level, such as expenses related to finance, legal, insurance, information technology, compliance and human resources management activities, among others ("General Corporate Expenses"). For purposes of these standalone Unaudited Consolidated and Combined Financial Statements, the General Corporate Expenses have been allocated to the Company. The General Corporate Expenses are included in the Unaudited Consolidated and Combined Statements of Operations in Selling, general and administrative expenses and Other, net, as appropriate, and accordingly as a component of the Twenty-First Century Fox, Inc. investment in the Consolidated and Combined Balance Sheets. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis of combined revenues, headcount or other relevant measures of the Company. Management believes the assumptions underlying the Unaudited Consolidated and Combined Financial Statements, including the assumptions regarding allocating General Corporate Expenses from 21CF are reasonable. Nevertheless, the Unaudited Consolidated and Combined Financial Statements may not include all of the actual expenses that would have been incurred and may not reflect the Company's consolidated and combined results of operations, financial position

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and cash flows had it been a standalone company prior to the Distribution. Actual costs that would have been incurred if the Company had been a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure. For the purposes of these standalone Unaudited Consolidated and Combined Financial Statements, the corporate allocations recorded for the three months ended March 31, 2019 and 2018 of \$111 million and \$93 million, respectively, and for the nine months ended March 31, 2019 and 2018 of \$291 million and \$230 million, respectively, were General Corporate Expenses of 21CF, which were not historically allocated to the Company.

Intercompany transactions with 21CF or its affiliates and the Company are reflected in the historical Unaudited Consolidated and Combined Financial Statements for periods prior to the Distribution. All significant intercompany balances between 21CF and the Company, for periods prior to the Distribution, have been reflected in the Unaudited Consolidated and Combined Statements of Cash Flows as a financing activity and in the Consolidated and Combined Balance Sheets as a Twenty-First Century Fox, Inc. investment.

The following table summarizes the components of the net (decrease) increase in the Twenty-First Century Fox, Inc. investment for the three and nine months ended March 31, 2019 and 2018:

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
	(in millions)			
Cash pooling, general financing activities and other ^(a)	\$ (1,523)	\$ 607	\$ (1,537)	\$ 928
Corporate allocations	111	93	291	230
Net dividend paid to Twenty-First Century Fox, Inc.	(6,500)	-	(6,500)	-
Taxes payable ^(b)	593	-	593	-
Deferred taxes on step-up ^(c)	5,515	-	5,515	-
Other deferred taxes ^(c)	(481)	-	(481)	-
Net (decrease) increase in Twenty-First Century Fox, Inc. investment	<u>\$ (2,285)</u>	<u>\$ 700</u>	<u>\$ (2,119)</u>	<u>\$ 1,158</u>

(a) The nature of activities included in the line item 'Cash pooling, general financing activities and other' includes financing activities, capital transfers, cash sweeps, other treasury services and Direct Corporate Expenses. As part of this activity and prior to December 31, 2017, the majority of the cash balances were swept to 21CF on a daily basis and the Company received capital from 21CF for the Company's cash needs. Effective January 1, 2018, the Company ceased participating in 21CF's capital and cash management accounts.

(b) For purposes of the Company's financial statements for the periods prior to the Distribution, the income tax (expense) benefit in the Unaudited Consolidated and Combined Statements of Operations has been calculated as if FOX filed a separate tax return and was operating as a standalone business. This amount represents the difference between the separate tax return methodology and the actual tax liabilities attributed to the Company, in accordance with applicable tax law, as of the date of the Distribution.

(c) As a result of the Separation and the Distribution, FOX obtained an additional tax basis in its assets equal to their respective fair market values. These amounts represent the additional estimated deferred tax asset recorded as a result of the increased tax basis (See Note 1 – Description of Business and Basis of Presentation under the heading "Basis of Presentation") and other deferred tax adjustments recorded as of the date of the Distribution.

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, 2019 and June 30, 2018 were approximately \$41 billion and \$32 billion, respectively. The increase from June 30, 2018 was primarily due to the issuance of \$6.8 billion of senior notes (See Note 5 – Borrowings), the new multi-year, multi-platform rights agreement expanding the Company's television, digital and Spanish-language rights and extending its arrangement with Major League Baseball ("MLB") through the 2028 MLB season partially offset by sports programming rights payments.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Contingencies

Profits Participants Litigation

On November 25, 2015, Wark Entertainment, Inc. filed a lawsuit (the “Wark Lawsuit”) against Twentieth Century Fox Film Corporation, the FOX Network, and Fox Entertainment Group, Inc. (“Fox Entertainment Group”) in the Superior Court of the State of California, County of Los Angeles, Central District (the “Superior Court”). On November 30, 2015, Temperance Brennan, L.P., Snooker Doodle Productions, Inc., and Bertha Blue, Inc. filed a lawsuit (the “Temperance Brennan Lawsuit”) against 21CF, Fox Entertainment Group, Twentieth Century Fox Film Corporation, and the FOX Network in the Superior Court. The plaintiffs in these cases are profits participants in the television series *Bones*, which was produced by Twentieth Century Fox Television, a unit of Twentieth Century Fox Film Corporation (“TCFTV”), and aired on the FOX Network from 2005 to 2017. TCFTV, 21CF, the FOX Network and Fox Entertainment Group are defendants in one or both of the Wark Lawsuit and the Temperance Brennan Lawsuit (collectively, the “Lawsuits”), which were joined by the Superior Court on December 21, 2015.

The plaintiffs in the Lawsuits alleged, among other things, that TCFTV breached its contracts with the plaintiffs and committed fraud concerning certain of those contracts, and that 21CF, Fox Entertainment Group, and the FOX Network induced TCFTV’s breach of contract and intentionally interfered with the plaintiffs’ contracts with TCFTV. These allegations were based on plaintiffs’ claims that in licensing *Bones* between affiliated 21CF entities, the defendants agreed to lower license fees for *Bones* to the detriment of the Plaintiffs (collectively, the “Affiliated Dealing Claims”). The plaintiffs also challenged TCFTV’s accounting practices with regard to *Bones*, including challenging TCFTV’s distribution and overhead charges for *Bones* (the “Accounting Claims”). The defendants vigorously disputed the Affiliated Dealing Claims and the Accounting Claims and the related allegations.

On April 8, 2016, the Superior Court stayed the Accounting Claims and ordered that the Affiliated Dealing Claims be submitted to arbitration pursuant to the plaintiffs’ contracts. On February 20, 2019, the arbitrator issued a punitive damages award of approximately \$129 million against the defendants, including the FOX Network. On February 27, 2019, the defendants filed a motion with the Superior Court to vacate the entire punitive damages award on the ground that the arbitrator did not have authority to award punitive damages, and the plaintiffs filed a petition with the Superior Court to confirm the entirety of the arbitrator’s award. A hearing on these matters was held on April 29, 2019. On May 2, 2019, the Superior Court issued a ruling granting the defendants’ motion, denying the plaintiffs’ petition and vacating the entire punitive damages award.

FOX News Channel

The Company and certain of its current and former employees have been subject to allegations of sexual harassment and discrimination and racial discrimination relating to alleged misconduct at the Company’s *FOX News* channel business. The Company has resolved many of these claims and is contesting other claims in litigation. The Company has also received regulatory and investigative inquiries relating to these matters. 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 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 financial condition, future results of operations or liquidity.

U.K. Newspaper Matters Indemnity

In connection with the separation of 21CF and News Corporation in June 2013, 21CF agreed to indemnify News Corporation, on an after-tax basis, for payments made after the separation arising out of civil claims and investigations relating to phone hacking, illegal data access and inappropriate payments to public officials that occurred at subsidiaries of News Corporation, as well as legal and professional fees and expenses paid in connection with the related criminal matters, other than fees, expenses and costs relating to employees who are not (i) directors, officers or certain designated employees or (ii) with respect to civil matters, co-defendants with News Corporation (the “U.K. Newspaper Matters Indemnity”). In accordance with the Separation Agreement, certain costs and liabilities related to the U.K. Newspaper Matters Indemnity were assumed by the Company. The liability recorded in the Consolidated and Combined Balance Sheets related to the indemnity was approximately \$50 million as of March 31, 2019 and June 30, 2018.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Other

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

The Company's operations are subject to tax in various domestic jurisdictions and as a matter of course, the Company is regularly audited by federal and state 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 and combined financial condition, future results of operations or liquidity. Each member of the 21CF consolidated group, which includes 21CF, the Company (prior to the Distribution) and 21CF's other subsidiaries, is jointly and severally liable for the U.S. federal income and, in certain jurisdictions, state tax liabilities of each other member of the consolidated group. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any other member of the 21CF consolidated group. The tax matters agreement requires 21CF and/or Disney to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the Internal Revenue Service in amounts that the Company cannot quantify.

NOTE 10. PENSION AND OTHER POSTRETIREMENT BENEFITS

Certain of the Company's U.S. employees participated in defined benefit pension and postretirement plans sponsored by 21CF ("Shared Plans"), which include participants of other 21CF subsidiaries. Plans that are sponsored by entities included in the Company are accounted for as defined benefit pension plans.

Shared Plans were accounted for as multiemployer benefit plans. Therefore, no asset or liability was recorded to recognize the funded status. The related pension expenses allocated to the Company were based primarily on benefits earned by active employees and accounted for in a manner similar to a defined contribution plan.

In contemplation of the Separation, during the second quarter of fiscal 2019, the pension benefit assets and liabilities of the Shared Plans allocable to the Company's employees were transferred to the Company. Assets of \$630 million, projected benefit obligations of \$765 million and \$188 million of accumulated other comprehensive loss (\$143 million, net of tax) were recorded for pension benefits transferred from 21CF. In January 2019, the postretirement benefit plan liabilities allocable to the Company's employees were transferred to the Company. Projected benefit obligations of \$98 million and \$18 million of accumulated other comprehensive loss (\$14 million, net of tax) were recorded for postretirement benefits transferred from 21CF.

The net periodic benefit cost was \$13 million and \$15 million for the three months ended March 31, 2019 and 2018, respectively, and \$40 million and \$89 million for the nine months ended March 31, 2019 and 2018, respectively.

NOTE 11. SEGMENT INFORMATION

The Company is a news, sports and entertainment company, which manages and reports its businesses in the following segments:

- **Cable Network Programming**, which principally consists of the production and licensing of news and sports content distributed primarily through cable television systems, direct broadcast satellite operators, telecommunication companies and online video distributors (collectively, multi-channel video programming distributors), primarily in the U.S.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

- **Television**, which principally consists of the acquisition, marketing and distribution of broadcast network programming nationally under the FOX brand 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 Network, nine are affiliated with MyNetworkTV, one is affiliated with both The CW Television Network and MyNetworkTV and one is an independent station).
- **Other, Corporate and Eliminations**, which principally consists of corporate overhead costs, intracompany eliminations and the FOX Studios lot. The FOX Studios lot, located in Los Angeles, California, provides television and film production services along with office space, studio operation services and includes all operations of the facility.

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 operating income before depreciation and amortization, or Segment EBITDA. Due to the integrated nature of these operating segments, estimates and judgments are made in allocating certain assets, revenues and expenses.

Beginning with the announcement of the Company's financial results for the quarter ended March 31, 2019, the Company has renamed as "Segment EBITDA" the measure that it previously referred to as "Segment OIBDA". The definition of this measure has not changed: Segment EBITDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Segment EBITDA does not include: Amortization of cable distribution investments, Depreciation and amortization, Impairment and restructuring charges, Interest expense, Interest income, Other, net and Income tax (expense) benefit. Management believes that Segment EBITDA is an appropriate measure for evaluating the operating performance of the Company's business segments because it is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources to the Company's businesses.

Management believes that information about Total Segment EBITDA assists all users of the Company's Unaudited Consolidated and Combined 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 EBITDA 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 EBITDA and Total Segment EBITDA, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

Total Segment EBITDA may be considered a non-GAAP financial 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. Total Segment EBITDA may not be comparable to similarly titled measures reported by other companies.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

The following table reconciles Income before income tax (expense) benefit to Total Segment EBITDA for the three and nine months ended March 31, 2019 and 2018:

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
	(in millions)			
Income before income tax (expense) benefit	\$ 706	\$ 654	\$ 1,568	\$ 1,577
Add				
Amortization of cable distribution investments	10	11	29	43
Depreciation and amortization	58	43	152	126
Impairment and restructuring charges	14	14	14	11
Interest expense	81	7	112	20
Interest income	(19)	-	(19)	-
Other, net	(84)	(23)	116	75
Total Segment EBITDA	\$ 766	\$ 706	\$ 1,972	\$ 1,852

The following tables set forth the Company's Revenues and Segment EBITDA for the three and nine months ended March 31, 2019 and 2018:

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
	(in millions)			
Revenues				
Cable Network Programming	\$ 1,383	\$ 1,325	\$ 4,082	\$ 3,778
Television	1,370	1,138	4,796	3,982
Other, Corporate and Eliminations	(1)	-	(2)	(1)
Total revenues	\$ 2,752	\$ 2,463	\$ 8,876	\$ 7,759
Segment EBITDA				
Cable Network Programming	\$ 741	\$ 692	\$ 1,893	\$ 1,730
Television	99	81	256	268
Other, Corporate and Eliminations	(74)	(67)	(177)	(146)
Total Segment EBITDA	\$ 766	\$ 706	\$ 1,972	\$ 1,852

Revenues by Segment by Component

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
	(in millions)			
Cable Network Programming				
Affiliate fee	\$ 968	\$ 931	\$ 2,845	\$ 2,609
Advertising	276	266	893	825
Other	139	128	344	344
Total Cable Network Programming revenues	1,383	1,325	4,082	3,778
Television				
Advertising	812	735	3,245	2,796
Affiliate fee	452	350	1,257	1,001
Other	106	53	294	185
Total Television revenues	1,370	1,138	4,796	3,982
Other, Corporate and Eliminations	(1)	-	(2)	(1)
Total revenues	\$ 2,752	\$ 2,463	\$ 8,876	\$ 7,759

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Future Performance Obligations

As of March 31, 2019, approximately \$2.1 billion of revenues are expected to be recognized primarily over the next one to three years. The Company's most significant remaining performance obligations relate to sports rights sublicensing contracts and affiliate contracts with fixed fees. The amount disclosed does not include (i) revenues related to performance obligations that are part of a contract whose original expected duration is one year or less, (ii) revenues that are in the form of sales- or usage-based royalties and (iii) revenues related to performance obligations for which the Company elects to recognize revenue in the amount it has a right to invoice.

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
	(in millions)			
Depreciation and amortization				
Cable Network Programming	\$ 12	\$ 10	\$ 35	\$ 28
Television	28	27	80	82
Other, Corporate and Eliminations	18	6	37	16
Total depreciation and amortization	\$ 58	\$ 43	\$ 152	\$ 126

	As of March 31, 2019		As of June 30, 2018	
	(in millions)			
Assets				
Cable Network Programming		\$ 2,620		\$ 2,430
Television		6,506		6,805
Other, Corporate and Eliminations		8,038		3,611
Investments		493		275
Total assets		\$ 17,657		\$ 13,121

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE 12. ADDITIONAL FINANCIAL INFORMATION

Other, net

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2019	2018	2019	2018
	(in millions)			
Acquisition related and other transaction costs ^(a)	\$ (106)	\$ (13)	\$ (184)	\$ (45)
Unrealized gains on investments ^(b)	204	-	132	-
U.K. Newspaper Matters Indemnity ^(c)	(15)	(22)	(45)	(19)
Settlement loss related to pension plans ^(d)	-	(1)	-	(51)
Shareholder litigation settlement ^(e)	-	68	-	68
Other	1	(9)	(19)	(28)
Total other, net	\$ 84	\$ 23	\$ (116)	\$ (75)

- (a) The acquisition related and other transaction costs for the three and nine months ended March 31, 2019 and 2018 are related to the Separation and the Distribution which includes retention related costs.
- (b) Represents the unrealized gains related to changes in fair value of the Company's investment in Roku which are recognized in net income in accordance with ASU 2016-01 (See Note 1 – Description of Business and Basis of Presentation under the heading "Recently Adopted and Recently Issued Accounting Guidance and U.S. Tax Reform").
- (c) See Note 9 – Commitments and Contingencies.
- (d) The settlement loss was primarily related to the Shared Plans (See Note 12 – Pension and Other Postretirement Benefits in the Form 10).
- (e) See Note 11 – Commitments and Contingencies under the heading "Shareholder Litigation" in the Form 10.

Receivables, net

Receivables are presented net of an allowance for doubtful accounts, which is an estimate of amounts that may not be collectible. Allowances for doubtful accounts as of March 31, 2019 and June 30, 2018 were \$35 million and \$28 million, respectively.

Income Taxes

The following table illustrates the overall changes in the Company's net deferred tax (liabilities) assets for the nine months ended March 31, 2019.

	Net deferred tax (liabilities) assets
	(in millions)
Balance, June 30, 2018	\$ (1,071)
Tax basis step-up ^(a)	5,515
Other ^(b)	(759)
Balance, March 31, 2019	\$ 3,685

- (a) As a result of the Separation and the Distribution, FOX obtained a tax basis in its assets equal to their respective fair market values. This amount represents the additional estimated deferred tax asset recorded as a result of the increased tax basis (See Note 1 – Description of Business and Basis of Presentation under the heading "Basis of Presentation").
- (b) Includes other deferred tax adjustments recorded as of the date of the Distribution (See Note 8 – Related Party Transactions and Twenty-First Century Fox, Inc. Investment under the heading "Corporate Allocations and Twenty-First Century Fox, Inc. Investment") and current year activity for the nine months ended March 31, 2019.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Other Non-Current Assets

The following table sets forth the components of Other non-current assets included in the Consolidated and Combined Balance Sheets:

	As of March 31, 2019	As of June 30, 2018
(in millions)		
Investments ^(a)	\$ 493	\$ 275
Inventories, net	221	121
Other ^(b)	462	363
Total other non-current assets	<u>\$ 1,176</u>	<u>\$ 759</u>

- (a) Includes an investment with a readily determinable fair value of \$389 million and \$257 million as of March 31, 2019 and June 30, 2018, respectively (See Note 4 – Fair Value). See Note 2 - Acquisitions, Disposals and Other Transactions for information on recent investments.
- (b) Other includes \$243 million and \$265 million as of March 31, 2019 and June 30, 2018, respectively, related to the Trust (as defined in Note 12 – Pension and Other Postretirement Benefits in the Form 10).

Accounts Payable, Accrued Expenses and Other Current Liabilities

The following table sets forth the components of Accounts payable, accrued expenses and other current liabilities included in the Consolidated and Combined Balance Sheets:

	As of March 31, 2019	As of June 30, 2018
(in millions)		
Accrued expenses	\$ 598	\$ 530
Program rights payable	404	380
Deferred revenue	103	147
Income taxes payable ^(a)	-	553
Other current liabilities	192	149
Total accounts payable, accrued expenses and other current liabilities	<u>\$ 1,297</u>	<u>\$ 1,759</u>

- (a) As discussed in Note 1 – Description of Business and Basis of Presentation, income tax items have been calculated as if the Company filed a separate return and was operating as a standalone business for purposes of the Company's financial statements for the period prior to the Distribution. Therefore, tax balances reflected in the Consolidated and Combined Financial Statements may not be reflective of the Company's actual tax balances prior to or subsequent to the Distribution. The amount of income taxes payable, for periods subsequent to the Distribution, represents the actual tax liabilities rather than the separate tax return methodology.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Other Liabilities

The following table sets forth the components of Other liabilities included in the Consolidated and Combined Balance Sheets:

	As of March 31, 2019	As of June 30, 2018
	(in millions)	
Accrued noncurrent pension/postretirement liabilities ^(a)	\$ 479	\$ 244
Other noncurrent liabilities	384	178
Total other liabilities	\$ 863	\$ 422

^(a) The increase in accrued noncurrent pension/postretirement liabilities was related to the pension and other postretirement benefit assets and liabilities of the Shared Plans allocable to the Company's employees transferred to the Company (See Note 10 – Pension and Other Postretirement Benefits).

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

Readers should carefully review this document and the other documents filed by Fox Corporation with the Securities and Exchange Commission (the "SEC"). This section should be read together with the unaudited interim consolidated and combined financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q as well as the audited combined financial statements for the year ended June 30, 2018 and other disclosure included in the Form 10 as amended and filed with the SEC on January 7, 2019 (the "Form 10").

INTRODUCTION

The Distribution

On March 19, 2019, the Company became a standalone publicly traded company through the pro rata distribution by Twenty-First Century Fox, Inc. ("21CF") of all of the issued and outstanding common stock of Fox Corporation ("FOX") to 21CF stockholders (other than holders that were subsidiaries of 21CF) (the "Distribution") in accordance with the Amended and Restated Distribution Agreement and Plan of Merger, dated as of June 20, 2018, by and between 21CF and 21CF Distribution Merger Sub, Inc. Following the Distribution, 354,328,270 and 266,173,651 shares of the Company's Class A Common Stock, par value \$0.01 per share (the "Class A Common Stock"), and Class B Common Stock, par value \$0.01 per share (the "Class B Common Stock" and, together with the Class A Common Stock, the "Common Stock"), respectively, began trading independently on The Nasdaq Global Select Market. In connection with the Distribution, the Company entered into the Separation and Distribution Agreement, dated as of March 19, 2019 (the "Separation Agreement"), with 21CF, which effected the internal restructuring (the "Separation") whereby 21CF transferred to FOX a portfolio of 21CF's news, sports and broadcast businesses, including *FOX News*, *FOX Business*, FOX Broadcasting Company (the "FOX Network"), *FOX Sports*, FOX Television Stations Group, and sports cable networks FS1, FS2, FOX Deportes and Big Ten Network (collectively, the "FOX business"), and certain other assets, and FOX assumed from 21CF the liabilities associated with such businesses and certain other liabilities. The Separation and the Distribution were effected as part of a series of transactions (collectively, the "Transactions") contemplated by the Amended and Restated Merger Agreement and Plan of Merger, dated as of June 20, 2018 (the "21CF Disney Merger Agreement"), by and among 21CF, The Walt Disney Company ("Disney"), TWDC Holdco 613 Corp., a wholly-owned subsidiary of Disney ("New Disney"), and certain other subsidiaries of Disney, pursuant to which, among other things, Disney merged with and into a subsidiary of New Disney and each of Disney and 21CF became wholly-owned subsidiaries of New Disney.

Pursuant to the 21CF Disney Merger Agreement, immediately prior to the Distribution, the Company paid to 21CF a dividend in the amount of \$8.5 billion (the "Dividend"). The final determination of the taxes in respect of the Separation and the Distribution for which the Company is responsible pursuant to the 21CF Disney Merger Agreement and a prepayment of the estimated taxes in respect of divestitures (collectively, the "Transaction Tax") was \$6.5 billion. Following the Distribution, on March 20, 2019 the Company received a cash payment in the amount of \$2.0 billion from Disney, which had the net effect of reducing the Dividend the Company paid to 21CF. The Transaction Tax included a prepayment of the Company's share of the estimated tax liabilities resulting from the anticipated divestitures by Disney of certain assets, principally the FOX Sports Regional Sports Networks. This prepayment was in the amount of approximately \$700 million and is subject to adjustment in the future, when the actual amounts of the tax liabilities are reported on the federal income tax returns of 21CF or Disney.

As a result of the Separation and the Distribution, FOX obtained a tax basis in its assets equal to their respective fair market values. This will result in estimated annual tax deductions of approximately \$1.5 billion, principally over the next 15 years related to the amortization of the additional tax basis. This amortization is estimated to reduce the Company's annual cash tax liability by \$360 million per year at the current combined federal and state applicable tax rate of 24%. Such estimates are subject to revisions, which could be material, based upon, among other things, final appraisals.

In connection with the Separation, the Company entered into several agreements that govern certain aspects of the Company's relationship with 21CF and Disney following the Separation. These include the Separation Agreement, a tax matters agreement, a transition services agreement, as well as agreements relating to intellectual property licenses, employee matters, commercial arrangements and a studio lot lease and management agreement (See Note 1 – Description of Business and Basis of Presentation to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX under the heading "The Distribution" for additional information).

Management's discussion and analysis of financial condition and results of operations is intended to help provide an understanding of the Company's financial condition, changes in financial condition and results of operations. This discussion is organized as follows:

- **Overview of the Company's Business** - This section provides a general description of the Company's businesses, as well as developments that occurred during the three and nine months ended March 31, 2019 and 2018 that the Company believes are important in understanding its results of operations and financial condition or to disclose known trends.
- **Results of Operations** - This section provides an analysis of the Company's results of operations for the three and nine months ended March 31, 2019 and 2018. This analysis is presented on both a consolidated/combined 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, 2019 and 2018, as well as a discussion of the Company's outstanding debt and commitments that existed as of March 31, 2019. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to fund the Company's future commitments and obligations, as well as a discussion of other financing arrangements.

OVERVIEW OF THE COMPANY'S BUSINESS

The Company is a news, sports and entertainment company, which manages and reports its businesses in the following segments:

- **Cable Network Programming**, which principally consists of the production and licensing of news and sports content distributed primarily through cable television systems, direct broadcast satellite operators, telecommunication companies and online video distributors (collectively, multi-channel video programming distributors or "MVPDs"), primarily in the U.S.
- **Television**, which principally consists of the acquisition, marketing and distribution of broadcast network programming nationally under the FOX brand 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 Network, nine are affiliated with MyNetworkTV, one is affiliated with both The CW Television Network and MyNetworkTV and one is an independent station).
- **Other, Corporate and Eliminations**, which principally consists of corporate overhead costs, intracompany eliminations and the FOX Studios lot. The FOX Studios lot, located in Los Angeles, California, provides television and film production services along with office space, studio operation services and includes all operations of the facility.

Other Business Developments

In May 2019, the Company and The Stars Group Inc. ("The Stars Group") announced plans to launch FOX Bet, a national media and sports wagering partnership in the United States. FOX Sports and The Stars Group have entered into a long-term commercial agreement through which FOX Sports will provide The Stars Group with an exclusive license to use certain FOX Sports trademarks. In addition, the Company invested \$236 million to acquire a 4.99% equity interest in The Stars Group.

RESULTS OF OPERATIONS

Results of Operations—For the three and nine months ended March 31, 2019 versus the three and nine months ended March 31, 2018

The following table sets forth the Company's operating results for the three and nine months ended March 31, 2019, as compared to the three and nine months ended March 31, 2018:

	For the three months ended March 31,				For the nine months ended March 31,			
	2019	2018	Change	% Change	2019	2018	Change	% Change
	(in millions, except %)							
Revenues								
Affiliate fee	\$ 1,420	\$ 1,281	\$ 139	11 %	\$ 4,102	\$ 3,610	\$ 492	14 %
Advertising	1,088	1,001	87	9 %	4,138	3,621	517	14 %
Other	244	181	63	35 %	636	528	108	20 %
Total revenues	2,752	2,463	289	12 %	8,876	7,759	1,117	14 %
Operating expenses	(1,660)	(1,444)	(216)	15 %	(5,969)	(5,054)	(915)	18 %
Selling, general and administrative	(336)	(324)	(12)	4 %	(964)	(896)	(68)	8 %
Depreciation and amortization	(58)	(43)	(15)	35 %	(152)	(126)	(26)	21 %
Impairment and restructuring charges	(14)	(14)	-	- %	(14)	(11)	(3)	27 %
Interest expense	(81)	(7)	(74)	**	(112)	(20)	(92)	**
Interest income	19	-	19	**	19	-	19	**
Other, net	84	23	61	**	(116)	(75)	(41)	55 %
Income before income tax (expense) benefit	706	654	52	8 %	1,568	1,577	(9)	(1) %
Income tax (expense) benefit	(167)	(188)	21	(11) %	(390)	171	(561)	**
Net income	539	466	73	16 %	1,178	1,748	(570)	(33) %
Less: Net income attributable to noncontrolling interests	(10)	(9)	(1)	11 %	(37)	(32)	(5)	16 %
Net income attributable to FOX stockholders	\$ 529	\$ 457	\$ 72	16 %	\$ 1,141	\$ 1,716	\$ (575)	(34) %

** not meaningful

Overview – The Company's revenues increased 12% and 14% for the three and nine months ended March 31, 2019, respectively, as compared to the corresponding periods of fiscal 2018, due to higher advertising, affiliate fee and other revenues. The increase in advertising revenue was primarily due to the broadcast of one additional National Football League ("NFL") postseason game on the FOX Network and higher pricing at *FOX News* and for entertainment programming at the FOX Network. Also contributing to the increase in advertising revenue for the nine months ended March 31, 2019 was the broadcast of more NFL regular season games due to the addition of *Thursday Night Football* ("TNF") and higher political advertising revenue due to the U.S. midterm elections at the FOX Television Stations Group. The increase in affiliate fee revenue was primarily attributable to higher average rates per subscriber across all networks, led by contractual rate increases on existing affiliate agreements and from affiliate agreement renewals. The increase in other revenues was primarily due to higher digital content licensing revenue at the FOX Network.

Operating expenses increased 15% and 18% for the three and nine months ended March 31, 2019, respectively, as compared to the corresponding periods of fiscal 2018, primarily due to higher sports programming rights amortization and production costs, including the additional NFL postseason game and in the nine months *TNF*, and the recognition of a write-down of approximately \$55 million related to entertainment and syndicated programming rights (See Note 3 – Inventories, net to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX). Also contributing to the increase in operating expenses for the three months ended March 31, 2019 was higher entertainment programming rights amortization as a result of the mix of programming in the current year as compared to the prior year at the FOX Network due to the airing of the *Winter Olympics* on another network in the prior year.

Selling, general and administrative expenses increased 4% and 8% for the three and nine months ended March 31, 2019, respectively, as compared to corresponding periods of fiscal 2018, primarily due to the increase in revenues which was the primary measure to allocate on a pro rata basis certain general corporate expenses from 21CF. The corporate allocations recorded to Selling, general and administrative expenses were approximately \$100 million and \$90 million for the three months ended March 31, 2019 and 2018, respectively, and approximately \$270 million and \$220 million for the nine months ended March 31, 2019 and 2018, respectively (See Note 8 – Related Party Transactions and Twenty-First Century Fox, Inc. Investment to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX under the heading “Corporate Allocations and Twenty-First Century Fox, Inc. Investment” for additional information).

Interest expense – Interest expense increased \$74 million and \$92 million for the three and nine months ended March 31, 2019, respectively, as compared to the corresponding periods of fiscal 2018, primarily due to the issuance of \$6.8 billion of senior notes in January 2019 (See Note 5 – Borrowings to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX for additional information) and the effect of the bridge credit agreement commitment letter which was entered into during fiscal 2018 (see Note 1 – Description of Business and Basis of Presentation to the audited combined financial statements in the Form 10 for additional information), including the write-off of unamortized costs as a result of the termination of the bridge credit agreement in March 2019.

Interest income – Interest income increased \$19 million for the three and nine months ended March 31, 2019, as compared to the corresponding periods of fiscal 2018, primarily due to interest income generated from the net proceeds of \$6.8 billion from the issuance of senior notes in January 2019.

Other, net – See Note 12 – Additional Financial Information to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX under the heading “Other, net.”

Income tax (expense) benefit – The Company’s tax provision and related effective tax rate of 24% and 25% for the three and nine months ended March 31, 2019, respectively, was higher than the statutory rate of 21% primarily due to state taxes.

The Company’s effective income tax rate for the three and nine months ended March 31, 2018 was 29% and (11)%, respectively, as compared to the statutory rate of 28%. For the three months ended March 31, 2018, the effective income tax rate was higher than the statutory rate primarily due to state taxes. The effective income tax rate for the nine months ended March 31, 2018 included a provisional \$624 million tax benefit as a result of the Tax Cuts and Jobs Act (the “Tax Act”) (as described in Note 1 – Description of Business and Basis of Presentation to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX under the heading “U.S. Tax Reform”).

Net income – Net income increased 16% for the three months ended March 31, 2019, as compared to corresponding period of fiscal 2018, primarily due to unrealized gains on investments (See Note 12 – Additional Financial Information to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX under the heading “Other, net”) and improved operating results partially offset by higher costs related to the Separation and the Distribution and the issuance of \$6.8 billion of senior notes in January 2019. Net income decreased 33% for the nine months ended March 31, 2019, as compared to corresponding period of fiscal 2018, primarily due to the absence of an income tax benefit resulting from the Tax Act in the prior year.

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 operating income before depreciation and amortization, or Segment EBITDA. Due to the integrated nature of these operating segments, estimates and judgments are made in allocating certain assets, revenues and expenses.

Beginning with the announcement of the Company's financial results for the quarter ended March 31, 2019, the Company has renamed as "Segment EBITDA" the measure that it previously referred to as "Segment OIBDA". The definition of this measure has not changed: Segment EBITDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Segment EBITDA does not include: Amortization of cable distribution investments, Depreciation and amortization, Impairment and restructuring charges, Interest expense, Interest income, Other, net and Income tax (expense) benefit. Management believes that Segment EBITDA is an appropriate measure for evaluating the operating performance of the Company's business segments because it is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources to the Company's businesses.

Management believes that information about Total Segment EBITDA assists all users of the Company's Unaudited Consolidated and Combined 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 EBITDA 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 EBITDA and Total Segment EBITDA, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

Total Segment EBITDA may be considered a non-GAAP financial 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. Total Segment EBITDA may not be comparable to similarly titled measures reported by other companies.

The following table reconciles Income before income tax (expense) benefit to Total Segment EBITDA for the three and nine months ended March 31, 2019, as compared to the three and nine months ended March 31, 2018:

	For the three months ended March 31,				For the nine months ended March 31,			
	2019	2018	Change	% Change	2019	2018	Change	% Change
	(in millions, except %)							
Income before income tax (expense) benefit	\$ 706	\$ 654	\$ 52	8 %	\$ 1,568	\$ 1,577	\$ (9)	(1) %
Add								
Amortization of cable distribution investments	10	11	(1)	(9) %	29	43	(14)	(33) %
Depreciation and amortization	58	43	15	35 %	152	126	26	21 %
Impairment and restructuring charges	14	14	-	- %	14	11	3	27 %
Interest expense	81	7	74	**	112	20	92	**
Interest income	(19)	-	(19)	**	(19)	-	(19)	**
Other, net	(84)	(23)	(61)	**	116	75	41	55 %
Total Segment EBITDA	\$ 766	\$ 706	\$ 60	8 %	\$ 1,972	\$ 1,852	\$ 120	6 %

** not meaningful

The following table sets forth the computation of Total Segment EBITDA for the three and nine months ended March 31, 2019, as compared to the three and nine months ended March 31, 2018:

	For the three months ended March 31,				For the nine months ended March 31,			
	2019	2018	Change	% Change	2019	2018	Change	% Change
	(in millions, except %)							
Revenues	\$ 2,752	\$ 2,463	\$ 289	12 %	\$ 8,876	\$ 7,759	\$ 1,117	14 %
Operating expenses	(1,660)	(1,444)	(216)	15 %	(5,969)	(5,054)	(915)	18 %
Selling, general and administrative	(336)	(324)	(12)	4 %	(964)	(896)	(68)	8 %
Amortization of cable distribution investments	10	11	(1)	(9) %	29	43	(14)	(33) %
Total Segment EBITDA	\$ 766	\$ 706	\$ 60	8 %	\$ 1,972	\$ 1,852	\$ 120	6 %

The following tables set forth the Company's Revenues and Segment EBITDA for the three and nine months ended March 31, 2019, as compared to the three and nine months ended March 31, 2018:

	For the three months ended March 31,				For the nine months ended March 31,			
	2019	2018	Change	% Change	2019	2018	Change	% Change
	(in millions, except %)							
Revenues								
Cable Network Programming	\$ 1,383	\$ 1,325	\$ 58	4 %	\$ 4,082	\$ 3,778	\$ 304	8 %
Television	1,370	1,138	232	20 %	4,796	3,982	814	20 %
Other, Corporate and Eliminations	(1)	-	(1)	**	(2)	(1)	(1)	(100) %
Total revenues	\$ 2,752	\$ 2,463	\$ 289	12 %	\$ 8,876	\$ 7,759	\$ 1,117	14 %

** not meaningful

	For the three months ended March 31,				For the nine months ended March 31,			
	2019	2018	Change	% Change	2019	2018	Change	% Change
	(in millions, except %)							
Segment EBITDA								
Cable Network Programming	\$ 741	\$ 692	\$ 49	7 %	\$ 1,893	\$ 1,730	\$ 163	9 %
Television	99	81	18	22 %	256	268	(12)	(4) %
Other, Corporate and Eliminations	(74)	(67)	(7)	(10) %	(177)	(146)	(31)	(21) %
Total Segment EBITDA	\$ 766	\$ 706	\$ 60	8 %	\$ 1,972	\$ 1,852	\$ 120	6 %

Cable Network Programming (46% and 49% of the Company's revenues for the first nine months of fiscal 2019 and 2018, respectively)

	For the three months ended March 31,				For the nine months ended March 31,			
	2019	2018	Change	% Change	2019	2018	Change	% Change
	(in millions, except %)							
Revenues								
Affiliate fee	\$ 968	\$ 931	\$ 37	4 %	\$ 2,845	\$ 2,609	\$ 236	9 %
Advertising	276	266	10	4 %	893	825	68	8 %
Other	139	128	11	9 %	344	344	-	- %
Total revenues	1,383	1,325	58	4 %	4,082	3,778	304	8 %
Operating expenses	(547)	(541)	(6)	1 %	(1,896)	(1,796)	(100)	6 %
Selling, general and administrative	(105)	(103)	(2)	2 %	(322)	(295)	(27)	9 %
Amortization of cable distribution investments	10	11	(1)	(9) %	29	43	(14)	(33) %
Segment EBITDA	\$ 741	\$ 692	\$ 49	7 %	\$ 1,893	\$ 1,730	\$ 163	9 %

Revenues at the Cable Network Programming segment increased for the three and nine months ended March 31, 2019, as compared to the corresponding periods of fiscal 2018, primarily due to higher affiliate fee and advertising revenues. The increase in affiliate fee revenue was primarily attributable to higher average rates per subscriber across all networks, led by contractual rate increases on existing affiliate agreements and from affiliate agreement renewals, partially offset by the impact of a lower average number of subscribers across almost all networks. The moderating sequential affiliate fee growth rate, as compared to the affiliate fee revenue growth for the six months ended December 31, 2018, reflects the lapping of contractual rate increases in the prior year. The decrease in the average number of subscribers was due to a reduction in subscribers to traditional MVPDs, partially offset by an increase in subscribers to online video distributors. The increase in advertising revenue was primarily due to higher digital advertising revenue at *FOX News* and higher ratings for the daily studio programming at FS1. Also contributing to the increase in advertising revenue for the nine months ended March 31, 2019 was higher pricing at the news channels.

Cable Network Programming Segment EBITDA increased for the three and nine months ended March 31, 2019, as compared to the corresponding periods of fiscal 2018, primarily due to the revenue increases noted above partially offset by higher expenses. Operating expenses remained relatively consistent for the three months ended March 31, 2019 primarily due to launch costs incurred in connection with the Company's direct-to-consumer initiative at *FOX News* that were partially offset by lower sports programming rights amortization, including the absence of the *Ultimate Fighting Championship* and *UEFA Champions League* at FS1. Operating expenses increased for the nine months ended March 31, 2019, principally due to higher sports programming rights amortization and production costs, including the additions of the Fédération Internationale de Football Association ("FIFA") *World Cup* and Premier Boxing Champions at FS1, launch costs incurred in connection with the Company's direct-to-consumer initiative at *FOX News* and higher costs related to news coverage associated with the U.S. midterm elections and other significant events.

Television (54% and 51% of the Company's revenues for the first nine months of fiscal 2019 and 2018, respectively)

	For the three months ended March 31,				For the nine months ended March 31,			
	2019	2018	Change	% Change	2019	2018	Change	% Change
	(in millions, except %)							
Revenues								
Advertising	\$ 812	\$ 735	\$ 77	10 %	\$ 3,245	\$ 2,796	\$ 449	16 %
Affiliate fee	452	350	102	29 %	1,257	1,001	256	26 %
Other	106	53	53	100 %	294	185	109	59 %
Total revenues	1,370	1,138	232	20 %	4,796	3,982	814	20 %
Operating expenses	(1,114)	(903)	(211)	23 %	(4,075)	(3,259)	(816)	25 %
Selling, general and administrative	(157)	(154)	(3)	2 %	(465)	(455)	(10)	2 %
Segment EBITDA	\$ 99	\$ 81	\$ 18	22 %	\$ 256	\$ 268	\$ (12)	(4)%

Revenues at the Television segment increased for the three and nine months ended March 31, 2019, as compared to the corresponding periods of fiscal 2018, due to higher advertising, affiliate fee and other revenues. The increase in advertising revenue was primarily due to the broadcast of one additional NFL postseason game on the FOX Network, higher pricing for entertainment programming at the FOX Network and the benefit of the comparison to the prior year period when advertising expenditures were diverted to the *Winter Olympics* which aired on another network. Also contributing to the increase in advertising revenue for the nine months ended March 31, 2019 was the broadcast of more NFL regular season games due to the addition of *TNF*, higher political advertising revenue due to the U.S. midterm elections at the FOX Television Stations Group and the broadcast of a portion of the FIFA *World Cup* matches in the current year partially offset by two fewer broadcasts of Major League Baseball *World Series* games on the FOX Network. Also contributing to the increase in advertising revenue for the three months ended March 31, 2019 was higher ratings for entertainment programming at the FOX Network, led by the inaugural season of *The Masked Singer*. The increase in affiliate fee revenue was primarily due to contractual rate increases on existing affiliate agreements and from affiliate agreement renewals. The increase in other revenues was primarily due to higher digital content licensing revenue at the FOX Network.

Television Segment EBITDA increased for the three months ended March 31, 2019, as compared to the corresponding period of fiscal 2018, as the revenue increase noted above was partially offset by higher expenses. Television Segment EBITDA decreased for the nine months ended March 31, 2019, as compared to the corresponding period of fiscal 2018, as the revenue increase noted above was more than offset by higher expenses. Operating expenses increased principally due to higher sports programming rights amortization and production costs, including the additional NFL postseason game and in the nine months *TNF*, and the recognition of a write-down of approximately \$55 million

related to entertainment and syndicated programming rights (See Note 3 – Inventories, net to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX). Also contributing to the increase in operating expenses for the three months ended March 31, 2019 was higher entertainment programming rights amortization as a result of the mix of programming in the current year as compared to the prior year at the FOX Network due to the airing of the *Winter Olympics* on another network in the prior year. Also contributing to the increase in operating expenses for the nine months ended March 31, 2019 was the addition of the *FIFA World Cup*.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

Prior to December 31, 2017, substantially all of the cash balances were swept to 21CF on a daily basis and the Company received capital from 21CF for the Company's cash needs. Effective January 1, 2018, the Company ceased participating in 21CF's capital and cash management accounts. 21CF continued to provide treasury services to the Company until the Distribution.

The Company's principal source of liquidity is internally generated funds which are highly dependent upon the continuation of affiliate agreements and the state of the advertising markets. The Company has an unused five-year \$1.0 billion unsecured revolving credit facility (See Note 5 – Borrowings to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX) and has access to the worldwide capital markets, subject to market conditions. As of March 31, 2019, the Company was in compliance with all of the covenants under the revolving credit facility, and it does not anticipate any noncompliance with such covenants.

The principal uses of cash that affect the Company's liquidity position include the following: the acquisition of rights and related payments for entertainment and sports programming; operational expenditures including marketing and promotional expenses; expenses related to broadcasting the Company's programming along with investing approximately \$150 million to \$200 million in establishing stand-alone technical facilities over the two years following the Distribution; employee and facility costs; capital expenditures; acquisitions; interest and dividend payments; and debt repayments.

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.

Sources and Uses of Cash

Net cash provided by operating activities for the nine months ended March 31, 2019 and 2018 was as follows (in millions):

For the nine months ended March 31,	2019	2018
Net cash provided by operating activities	<u>\$ 1,624</u>	<u>\$ 785</u>

The increase in net cash provided by operating activities during the nine months ended March 31, 2019, as compared to the corresponding period of fiscal 2018, is primarily due to higher sports programming rights amortization over cash payments and lower cash payments for entertainment programming at the Television segment and higher operating results.

Net cash (used in) provided by investing activities for the nine months ended March 31, 2019 and 2018 was as follows (in millions):

For the nine months ended March 31,	2019	2018
Net cash (used in) provided by investing activities	<u>\$ (311)</u>	<u>\$ 197</u>

The change in net cash (used in) provided by investing activities during the nine months ended March 31, 2019, as compared to the corresponding period of fiscal 2018, was primarily due to the absence of cash received from the Federal Communications Commission's completed reverse auction for broadcast spectrum and the investments in Caffeine, Inc. and Caffeine Studio, LLC (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX).

Net cash (used in) provided by financing activities for the nine months ended March 31, 2019 and 2018 was as follows (in millions):

For the nine months ended March 31,	2019	2018
Net cash (used in) provided by financing activities	\$ (995)	\$ 780

The change in net cash (used in) provided by financing activities during the nine months ended March 31, 2019, as compared to the corresponding period of fiscal 2018, was primarily due to net transfers to Twenty-First Century Fox, Inc. of \$1,233 million in the nine months ended March 31, 2019, as compared to net transfers from Twenty-First Century Fox, Inc. of \$845 million in the nine months ended March 31, 2018. Also contributing to the change in net cash (used in) provided by financing activities was the Dividend of \$8.5 billion paid to 21CF net of the \$2 billion cash payment received from Disney, partially offset by the proceeds from the issuance of \$6.8 billion of senior notes in January 2019 (See Note 5 – Borrowings to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX for additional information). The nature of activities included in net transfers to Twenty-First Century Fox, Inc. includes financing activities, capital transfers, cash sweeps, other treasury services and corporate expenses. Prior to December 31, 2017, the majority of the cash balances were swept to 21CF on a daily basis and the Company received capital from 21CF for the Company's cash needs. Effective January 1, 2018, the Company ceased participating in 21CF's capital and cash management accounts.

Dividends

Subsequent to March 31, 2019, the Company declared a semi-annual dividend of \$0.23 per share on both the Class A Common Stock and the Class B Common Stock. The dividend declared is payable on June 3, 2019 with a record date for determining dividend entitlements of May 20, 2019.

Based on the number of shares outstanding as of March 31, 2019 and the prospective annual dividend rate of \$0.46, the total aggregate cash dividends expected to be paid to stockholders on an annual basis is approximately \$285 million.

Debt Instruments

In January 2019, the Company issued approximately \$6.8 billion of senior notes (See Note 5 – Borrowings to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX).

Ratings of the senior notes

The following table summarizes the Company's credit ratings as of March 31, 2019:

Rating Agency	Senior Debt	Outlook
Moody's	Baa2	Stable
Standard & Poor's	BBB	Stable

Revolving Credit Agreement

In March 2019, the Company entered into an unsecured \$1.0 billion revolving credit facility with a maturity date of March 2024 (See Note 5 – Borrowings to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX).

Bridge Credit Agreement

In March 2019, the Company entered into an unsecured \$1.7 billion 364-Day Bridge Term Loan Agreement, which was also terminated in the same month (See Note 5 – Borrowings to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX).

Commitments and Contingencies

See Note 9 – Commitments and Contingencies to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX.

Recent Accounting Pronouncements

See Note 1 – Description of Business and Basis of Presentation to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX under the heading “Recently Adopted and Recently Issued Accounting Guidance and U.S. Tax Reform.”

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical or current fact are “forward-looking statements” for purposes of federal and state securities laws, including any statements regarding (i) future earnings, revenues or other measures of the Company’s financial performance; (ii) the Company’s plans, strategies and objectives for future operations; (iii) proposed new programming or other offerings; (iv) future economic conditions or performance; and (v) assumptions underlying any of the foregoing. Forward-looking statements may include, among others, the words “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” “outlook” or any other similar words.

Although the Company’s management believes that the expectations reflected in any of the Company’s forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any forward-looking statements. The Company’s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the SEC. Important factors that could cause the Company’s actual results, performance and achievements to differ materially from those estimates or projections contained in the Company’s forward-looking statements include, but are not limited to, government regulation, economic, strategic, political and social conditions and the following factors:

- recent and future changes in technology, including alternative methods for the delivery and storage of digital content, and in consumer behavior, including changes in when, where and how they consume content;
- changes in the Company’s strategies and initiatives and the acceptance thereof by consumers, distributors of the Company’s content, affiliates, advertisers and other parties with which the Company does business;
- the highly competitive nature of the industry in which the Company’s businesses operate;
- declines in advertising expenditures due to various factors such as the economic prospects of advertisers or the economy in general, technological developments and changes in consumer behavior, and shifts in advertisers’ spending toward digital and mobile offerings and away from more traditional media;
- the loss of affiliate or carriage agreements or arrangements where the Company makes its content available for viewing through online video platforms;
- the popularity of the Company’s content, including special sports events, and the continued popularity of the sports franchises, leagues and teams for which the Company has acquired programming rights;
- the Company’s ability to renew programming rights, particularly sports programming rights, on sufficiently favorable terms;
- damage to the Company’s brands or reputation;
- a degradation, failure or misuse of the Company’s network and information systems and other technology relied on by the Company;
- content piracy and signal theft and the Company’s ability to protect its intellectual property rights;
- the loss of key personnel;
- the effect of labor disputes, including labor disputes involving professional sports leagues whose games or events the Company has the right to broadcast;
- changes in tax, federal communications or other laws, regulations, practices or the interpretations thereof;
- the impact of any investigations or fines from governmental authorities, including FCC rules and policies and FCC decisions regarding revocation, renewal or grant of station licenses;
- the failure or destruction of satellites and transmitter facilities the Company depends on to distribute its programming;

- lower than expected valuations associated with one of the Company's reporting units, indefinite-lived intangible assets, investments or long-lived assets;
- changes in U.S. GAAP or other applicable accounting standards and policies;
- the Company's lack of operating history as a standalone, publicly traded company;
- increased costs in connection with the Company operating as a standalone, publicly traded company following the Distribution and the loss of synergies the Company enjoyed from operating as part of 21CF;
- the Company's reliance on 21CF to provide the Company various services under the transition services agreement including broadcast operations, sports production, information and technology, and other services, and the risk that 21CF does not properly perform the services under this agreement;
- the Company's ability to secure additional capital on acceptable terms;
- the Company's ability to benefit from any additional annual tax deductions expected to result from the Company obtaining a tax basis in its assets equal to their respective fair market values in connection with the Separation and the Distribution;
- the impact of any payments the Company is required to make or liabilities it is required to assume under the Separation Agreement and the indemnification arrangements entered into in connection with the Separation and the Distribution; and
- the other risks and uncertainties detailed in Part II., Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q and in Item 1A. "Risk Factors" in the Form 10.

Forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date hereof, and forward-looking statements in documents that are incorporated by reference hereto speak only as of the date of those documents. The Company does not undertake any obligation to update or release any revisions to any forward-looking statement made herein or to report any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or to conform such statements to actual results or changes in our expectations, except as required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to two types of market risk: changes in interest rates and stock prices.

The following sections provide quantitative and qualitative information on the Company's exposure to 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.

Interest Rates

The Company's current financing arrangements and facilities include \$6.8 billion of outstanding fixed-rate debt, before adjustments for unamortized debt issuance costs (See Note 5 – Borrowings to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX).

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, 2019, all of the Company's financial instruments with exposure to interest rate risk were denominated in U.S. dollars and no variable-rate debt was outstanding. Information on financial instruments with exposure to interest rate risk is presented below:

	As of March 31, 2019	As of June 30, 2018
(in millions)		
Fair Value		
Borrowings: liability	\$ (7,320)	\$ -
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted interest rates: loss	\$ (282)	\$ -

Stock Prices

The Company has a common stock investment in a publicly traded company that is subject to market price volatility. Information on the Company's investment with exposure to stock price risk is presented below:

	As of March 31, 2019	As of June 30, 2018
(in millions)		
Fair Value		
Total fair value of the common stock investment	\$ 389	\$ 257
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted market prices: loss ^(a)	\$ (39)	\$ (26)

(a) This investment is recorded at fair value each reporting period and, beginning July 1, 2018, any associated unrealized gains and losses are recorded to net income (See Note 1 – Description of Business and Basis of Presentation to the accompanying Unaudited Consolidated and Combined Financial Statements of FOX under the heading "Recently Adopted and Recently Issued Accounting Guidance and U.S. Tax Reform").

Concentrations of Credit Risk

See Note 4 – Fair Value to the accompanying Unaudited Consolidated and Combined Financial Statements of 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

Since the Separation, several aspects of the Company's internal control over financial reporting have changed. The Company historically relied on certain financial, administrative and other resources of 21CF to manage specific aspects of its business and report results. In connection with the Separation, the Company entered into a transition service agreement with 21CF and Disney under which 21CF is providing some of these services to the Company on a transitional basis. In addition, in connection with the Separation, the Company has implemented new corporate and oversight functions, such as a Board of Directors, legal, treasury, corporate communications and investor relations. The Company has also revised and adopted policies, as needed, to meet the regulatory requirements applicable to a standalone publicly traded company and is undertaking a redesign of several business processes. As business processes and controls change as a result of this ongoing effort, the Company will continue to identify, document and evaluate key controls to ensure its internal control over financial reporting is effective.

Other than as described above, there were no changes 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 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

The following information supplements and amends the disclosure set forth in the section titled "Legal Proceedings" in the Company's Registration Statement on Form 10 (File No. 001-38776), as amended and filed with the Securities and Exchange Commission on January 7, 2019 (the "Form 10"), and in Part II, Item 1. Legal Proceedings in the Company's Form 10-Q for the quarter ended December 31, 2018 (the "December 2018 Form 10-Q").

Reference is made to the lawsuits filed in the Superior Court of the State of California, County of Los Angeles (the "Superior Court") in November 2015 by (i) Wark Entertainment, Inc. against Twentieth Century Fox Film Corporation, FOX Broadcasting Company (the "FOX Network") and Fox Entertainment Group, Inc. and (ii) Temperance Brennan, L.P., Snooker Doodle Productions, Inc., and Bertha Blue, Inc. against Twenty-First Century Fox Inc., Fox Entertainment Group, Twentieth Century Fox Film Corporation and the FOX Network described on page 32 of the December 2018 Form 10-Q. A hearing on the defendants' February 27, 2019 motion to vacate the arbitrator's entire punitive damages award and the plaintiffs' February 27, 2019 petition to confirm the entirety of the arbitrator's award was held on April 29, 2019. On May 2, 2019, the Superior Court issued a ruling granting the defendants' motion, denying the plaintiffs' petition and vacating the entire punitive damages award.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors described in the section titled "Risk Factors" in the Form 10, except as set forth below.

The following updates and replaces in its entirety the risk factor titled "Certain provisions of our certificate of incorporation, bylaws, and Delaware law and the ownership of our common stock by the Murdoch Family Trust may discourage takeovers and the concentration of ownership will affect the voting results of matters submitted for stockholder approval" included in the Form 10.

Certain provisions of the Company's certificate of incorporation, by-laws, Delaware law, the Company's stockholder rights agreement and the ownership of the Company's common stock by the Murdoch Family Trust may discourage takeovers and the concentration of ownership will affect the voting results of matters submitted for stockholder approval.

The Company's amended and restated certificate of incorporation and amended and restated by-laws contain certain anti-takeover provisions that may make more difficult or expensive a tender offer, change in control, or takeover attempt that is opposed by the Company's Board of Directors or certain stockholders holding a significant percentage of the voting power of the Company's outstanding voting stock. In particular, the amended and restated certificate of incorporation and amended and restated by-laws provide for, among other things:

- a dual class common equity capital structure, in which holders of FOX class A common stock can vote only in very specific, limited circumstances;
- a prohibition on stockholders taking any action by written consent without a meeting (unless there are three record holders or fewer);
- special stockholders' meeting to be called only by a majority of the Board of Directors, the Chairman or vice or deputy chairman, or upon the written request of holders of not less than 20% of the voting power of our outstanding voting stock;
- the requirement that stockholders give the Company advance notice to nominate candidates for election to the Board of Directors or to make stockholder proposals at a stockholders' meeting;
- the requirement of an affirmative vote of at least 65% of the voting power of the Company's outstanding voting stock to amend or repeal the by-laws;
- certain restrictions on the transfer of the Company's shares; and
- the Board of Directors to issue, without stockholder approval, preferred stock and series common stock with such terms as the Board of Directors may determine.

These provisions could discourage potential acquisition proposals and could delay or prevent a change in control of FOX, even in the case where a majority of the stockholders may consider such proposals, if effective, desirable.

In addition, in connection with the separation from 21CF, the Company's Board of Directors adopted a stockholder rights agreement pursuant to which each outstanding share of the Company's common stock has attached to it a right entitling its holder to purchase from the Company additional shares of its class A common stock and class B common stock, as applicable, in the event that a person or group acquires beneficial ownership of 15% or more of the then outstanding class B common stock or 15% of the combined class A common stock and class B common stock, without approval of the Company's Board of Directors, subject to exceptions for persons beneficially owning 15% or more of the Company's class B common Stock as of the date of adoption of the rights agreement. The stockholder rights agreement could make it more difficult for a third-party to acquire the Company's voting common stock without the approval of its Board of Directors. The rights expire on the first day following the date of the Company's first annual meeting of its stockholders following the date of the rights agreement.

Further, as a result of his ability to appoint certain members of the board of directors of the corporate trustee of the Murdoch Family Trust, which beneficially owns less than one percent of the outstanding FOX class A common stock and 38.4% of FOX class B common stock immediately following the Distribution, K. Rupert Murdoch may be deemed to be a beneficial owner of the shares beneficially owned by the Murdoch Family Trust. K. Rupert Murdoch, however, disclaims any beneficial ownership of these shares. Also, K. Rupert Murdoch beneficially owns or may be deemed to beneficially own an additional less than one percent of FOX class B common stock and less than one percent of FOX class A common stock immediately following the distribution. Thus, K. Rupert Murdoch may be deemed to beneficially own in the aggregate less than one percent of FOX class A common stock and 38.9% of FOX class B common stock immediately following the distribution. This concentration of voting power could discourage third parties from making proposals involving an acquisition of FOX. Additionally, the ownership concentration of FOX class B common stock by the Murdoch Family Trust increases the likelihood that proposals submitted for stockholder approval that are supported by the Murdoch Family Trust will be adopted and proposals that the Murdoch Family Trust does not support will not be adopted, whether or not such proposals to stockholders are also supported by the other holders of FOX class B common stock. Furthermore, the adoption of the stockholder rights agreement will prevent, unless the Company's Board of Directors otherwise determines at the time, other potential stockholders from acquiring a similar ownership position in the Company's class B common stock and, accordingly, could prevent a meaningful challenge to the Murdoch Family Trust's influence over matters submitted for stockholder approval.

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

On March 19, 2019, immediately prior to the Distribution, the Company and 21CF entered into various restructuring transactions, including the contribution by 21CF to the Company of substantially all of the business and assets of the Company in exchange for the issuance by the Company to 21CF of 354,328,270 shares of the Company's Class A Common Stock and 266,173,650 shares of the Company's Class B Common Stock in a transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on Section 4(a)(2) of the Securities Act as not involving a public offering. Subsequently, 21CF distributed all of the 354,328,270 issued and outstanding shares of Class A Common Stock and the 266,173,651 issued and outstanding shares of Class B Common Stock (including one share of Class B Common Stock that was issued to 21CF in connection with the restructuring transactions) to 21CF stockholders (other than to subsidiaries of 21CF that held shares of 21CF) on a pro rata basis. The transactions are described further in the Form 10, which was declared effective by the Securities and Exchange Commission on February 5, 2019.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

It is currently anticipated that the Company's 2019 Annual Meeting of Stockholders (the "2019 Annual Meeting") will be held on November 14, 2019. Because this will be the Company's first annual meeting of stockholders following the Separation and the Distribution, the Company is informing stockholders of the date of the 2019 Annual Meeting. The time and location of the 2019 Annual Meeting will be specified in the Company's proxy statement for the 2019 Annual Meeting.

To be considered for inclusion in the Company's proxy statement for the 2019 Annual Meeting, stockholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, must be in writing and received by the Company's Secretary at the Company's principal executive offices at Fox Corporation, 1211 Avenue of the Americas, New York, New York 10036 no later than May 30, 2019. Such proposals must also comply with the requirements of Rule 14a-8.

Under the Company's Amended and Restated By-laws (the "By-laws"), stockholder proposals made outside the process of Rule 14a-8 must be in writing and received by the Company's Secretary at the Company's principal executive offices between the close of business on July 17, 2019 and the close of business on August 16, 2019. Stockholders are advised to review the By-laws, as they contain additional requirements with respect to advance notice of stockholder proposals and director nominations. A copy of the By-laws is available on the website of the Securities and Exchange Commission (www.sec.gov) as Exhibit 3.2 to the Company's Current Report on Form 8-K dated March 14, 2019 and filed with the Securities and Exchange Commission on March 19, 2019.

ITEM 6. EXHIBITS

(a) Exhibits.

- 2.1 [Separation Agreement, dated as of March 19, 2019, between Twenty-First Century Fox, Inc. and Fox Corporation \(the "Registrant"\) \(incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated March 14, 2019 and filed with the Securities and Exchange Commission \(the "SEC"\) on March 19, 2019 \(the "March 14, 2019 Form 8-K"\).](#)^y
- 2.2 [Tax Matters Agreement, dated as of March 19, 2019, between Twenty-First Century Fox, Inc., the Registrant and The Walt Disney Company \(incorporated herein by reference to Exhibit 2.2 to the March 14, 2019 Form 8-K\).](#)^y
- 3.1 [Amended and Restated Certificate of Incorporation of the Registrant \(incorporated herein by reference to Exhibit 3.1 to the March 14, 2019 Form 8-K\).](#)
- 3.2 [Amended and Restated By-laws of the Registrant \(incorporated herein by reference to Exhibit 3.2 to the March 14, 2019 Form 8-K\).](#)
- 3.3 [Certificate of Designation, Preferences, and Rights of Series A Junior Participating Preferred Stock of the Registrant \(incorporated herein by reference to Exhibit 3.3 to the March 14, 2019 Form 8-K\).](#)
- 4.1 [Rights Agreement between the Registrant and Computershare Trust Company, N.A., as Rights Agent, dated as of March 19, 2019 \(incorporated herein by reference to Exhibit 4.1 to the March 14, 2019 Form 8-K\).](#)
- 10.1 [Fox Corporation 2019 Shareholder Alignment Plan \(incorporated herein by reference to Exhibit 10.1 to the March 14, 2019 Form 8-K\).](#)[±]
- 10.2 [Form of Indemnification Agreement \(incorporated herein by reference to Exhibit 10.2 to the March 14, 2019 Form 8-K\).](#)[±]
- 10.3 [Form of Fox Corporation 2019 Shareholder Alignment Plan Restricted Stock Unit Terms and Conditions \(incorporated herein by reference to Exhibit 10.3 to the March 14, 2019 Form 8-K\).](#)[±]
- 10.4 [Form of Fox Corporation 2019 Shareholder Alignment Plan Non-Qualified Stock Option Terms and Conditions \(incorporated herein by reference to Exhibit 10.4 to the March 14, 2019 Form 8-K\).](#)[±]
- 10.5 [Form of Employment Agreement.](#)^{*±}
- 10.6 [Letter Agreement between Lachlan K. Murdoch and News Corporation dated November 17, 2008.](#)^{*±}
- 10.7 [Letter Agreements between John P. Nallen and News Corporation dated January 1, 2005 and November 17, 2008, as amended through June 3, 2013.](#)^{*±}
- 10.8 [Credit Agreement, dated as of March 15, 2019, among the Registrant, as Borrower, the initial lenders named therein, the initial issuing banks named therein, Citibank, N.A., as Administrative Agent, Deutsche Bank Securities Inc. and Goldman Sachs Bank USA, as Co-Syndication Agents, JP Morgan Chase Bank, N.A. and Morgan Stanley Bank, N.A., as Co-Documentation Agents, and Citibank, N.A., Deutsche Bank Securities Inc., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc., as Joint Lead Arrangers and Joint Bookrunners \(incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated March 15, 2019 and filed with the SEC on March 15, 2019 \(the "March 15, 2019 Form 8-K"\).](#)^y
- 10.9 [364-Day Bridge Term Loan Agreement, dated as of March 15, 2019, among the Registrant, as Borrower, the initial lenders named therein, Goldman Sachs Bank USA, as Administrative Agent, Sole Lead Arranger and Sole Bookrunner, and Citibank, N.A. and Deutsche Bank Securities Inc., as Co-Syndication Agents \(incorporated herein by reference to Exhibit 10.2 to the March 15, 2019 Form 8-K\).](#)^y
- 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, 2019 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated and Combined Statements of Operations for the three and nine months ended March 31, 2019 and 2018; (ii) Unaudited Consolidated and Combined Statements of Comprehensive Income for the three and nine months ended March 31, 2019 and 2018; (iii) Consolidated and Combined Balance Sheets as of March 31, 2019 (unaudited) and June 30, 2018 (audited); (iv) Unaudited Consolidated and Combined Statements of Cash Flows for the nine months ended March 31, 2019 and 2018; and (v) Notes to the Unaudited Consolidated and Combined Financial Statements.*

Y Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the SEC upon request.

* Filed herewith.

+ This exhibit is a management contract or compensatory plan or arrangement.

** 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.

Fox Corporation
(Registrant)

By: /s/ Steven Tomsic
Steven Tomsic
Chief Financial Officer

Date: May 10, 2019

FOX CORPORATION

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "Agreement") is hereby entered into as of the earliest date written on the signature page hereto between Fox Corporation (the "Company") and [NAME] ("you" or "your", as applicable).

WITNESSETH

WHEREAS, the Company desires to employ you as [TITLE] of the Company from and following [START DATE] (the "Effective Date");

WHEREAS, you desire to become employed by the Company from and following the Effective Date; and

WHEREAS, the Company and you desire to enter into this Agreement as to the terms of your employment with the Company.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Term.

(a) The Company hereby agrees to employ you for a period commencing on the Effective Date and ending [END DATE] (the "Term"). During the Term of this Agreement, you shall not seek or negotiate for employment other than with the Company, with the exception of the final ninety (90) days of the Term (or, if earlier, the last day of your employment with the Company).

(b) If you continue in the employ of the Company after the end of the Term, your employment shall be solely on an at-will basis and you will be subject to the Company's policies on at-will employment. This means that, after the Term, you may resign or the Company may terminate you with or without Cause (as defined below) and with or without advance notice.

2. Duties. You shall perform such duties consistent with your position set forth in Section 3(a) and such duties as the Company may assign to you based on business needs. [Your principal place of business shall be at the Company's corporate headquarters in New York, New York and you shall be provided with an office at the Company's office in Los Angeles, California.] ¹ [Your principal place of business shall be at the Company's office in Los Angeles, California and you shall be provided with an office at the Company's corporate headquarters in

¹ Provision to apply to executives whose primary place of business is New York.

New York, New York.] ² You agree to take trips both within and outside the United States as shall be determined to be desirable by the Company. You hereby accept such employment and agree to devote the time and attention necessary to fulfill the duties of your employment hereunder; provided, that, without limiting the application of Section 9(a), this Section 2 shall not otherwise prohibit you from [(i) providing services to Nova Entertainment Pty Ltd, Illyria Pty Ltd, and News Corporation or as a director or trustee of the non-profit entities that you currently serve and that have been separately identified to the Company as of the Effective Date; (ii) in accordance with the Company's policies and with the prior approval of Company, serving as an executive chairman, director or member of a committee of any company or organization;]³ (iii) delivering lectures and fulfilling speaking engagements; (iv) engaging in charitable and community activities; and (v) investing your personal assets in such form and in such manner as will not violate Section 9(a) below (collectively, "Permitted Activities"), so long as the Permitted Activities do not materially interfere with the performance of your duties hereunder and you do not engage in activities that could reasonably create a conflict of interest with the Company.

3. Title.

(a) You shall serve as [TITLE].

(b) If you are elected a member of the Board of Directors or to any other office of the Company or any of its past or future subsidiaries or affiliates, you agree to serve in such capacity or capacities without additional compensation.

4. Compensation.

(a) As compensation for your services ("Base Salary"), as of the Effective Date, the Company will, during the Term (or, if earlier, the last day of your employment with the Company), pay you at the rate of \$[_____] per annum, less applicable deductions and withholdings, in accordance with the Company's regular payroll practices.

(b) You shall be eligible to participate in the Company's annual bonus program in the same manner as other comparable executives of the Company with a target bonus in an amount equal to \$[_____] (such amount, the "Target Bonus"), which will become payable as of the end of the fiscal year to which the bonus relates, provided that the payment of any bonus and the amount of any such payment will be determined at the sole discretion of the Company.

² Provision to apply to executives whose primary place of business is California.

³ Provision to apply to Executive Chairman and Chief Executive Officer of the Company.

(c) You shall be eligible to participate in the Fox Corporation 2019 Shareholder Alignment Plan (the “SAP”), or other long-term incentive plan of the Company or its ultimate parent company as may be in effect from time to time with an annual target award thereunder equal to \$[_____]; provided, however, that the grant of any award pursuant to the SAP and the amount of any such grant shall be entirely at the discretion of the Company and its ultimate parent company, as applicable. All awards shall be governed by the terms and conditions of the applicable SAP.

5. Employee Benefits; Travel; Reimbursement. You shall be eligible to participate in all employee benefit plans of the Company available to other comparable executives of the Company, and your eligibility to participate in such plans shall be governed by the applicable benefit plan and the rules applicable to comparable executives. You shall be subject to all travel policies maintained by the Company as applicable to comparable executives of the Company. You shall be eligible for reimbursement of your reasonable travel and other business expenses necessarily incurred by you in the performance of your job duties, in accordance with the Company’s policies as in effect from time to time.

6. Termination of Employment.

(a) The Term shall terminate immediately upon your death. If the Term is terminated due to your death, your estate or your beneficiaries, as the case may be, shall be entitled to the following (the “Accrued Benefits”): (i) payment of your Base Salary accrued through the date of termination, which will be paid within thirty (30) days following the termination of the Term due to your death; (ii) payment of any then-awarded but yet unpaid annual bonus for any previously completed fiscal year of the Company, which will be paid within thirty (30) days following the termination of the Term; (iii) reimbursement of any then un-reimbursed expenses in accordance with the last sentence of Section 5 above; and (iv) other or additional vested benefits in accordance with applicable plans and programs of the Company then in effect for similarly situated senior executives, if any. In addition, a termination of your employment due to your death will be treated for all purposes hereunder as a termination of your employment by the Company without Cause and you shall be eligible to receive the payments and benefits set forth in Sections 6(d) or 6(e), as applicable, subject to the requirement set forth therein; provided that any obligation to execute the Release as set forth in Section 6(g) hereof in order to receive payments and benefits upon your termination due to death is satisfied by your estate or a designated beneficiary.

(b) If you are, due to any physical or mental injury, illness, defect, or other incapacitating condition, unable to perform your duties and responsibilities for six (6) consecutive months (“Disability”), it being understood that a “Disability” shall not be deemed to occur until the expiration of such six-month period, then the Company may, in its discretion, terminate your employment pursuant to this Agreement at any time thereafter by giving you written notice thereof, and upon the giving of such notice, the Company shall have no further obligation or liability to you under this Agreement other than as set forth in this Section 6(b). If your employment pursuant to this Agreement is terminated due to your Disability, you shall be entitled in such case to the Accrued Benefits. In addition, a termination of your employment due to your Disability will be treated for all purposes hereunder as a termination of your employment by the Company without Cause and you shall be eligible to receive the payments and benefits set forth in Sections 6(d) or 6(e), as applicable, subject to the requirement set forth therein.

(c) Any other provision hereof to the contrary notwithstanding, the Company may terminate your employment pursuant to this Agreement at any time in the event of Cause and you may terminate your employment for any reason after the end of the Term. For purposes of this Agreement, Cause shall mean any of the following, as determined in good-faith by the Company: (i) a deliberate and material breach by you of any of your duties under this Agreement or your willful failure to perform your duties other than in the event of Disability, that results in material harm to the Company and its affiliates which breach is committed without reasonable belief that such breach is in, or not contrary to, the best interests of the Company, which breach or failure is not remedied within thirty (30) days after your receipt of written notice from the Company specifying such breach; (ii) your addiction to illegal drugs during working hours or off duty if such off-duty use or possession results in material harm to the Company and its affiliates, which addiction is not remedied within thirty (30) days after receipt of written notice from the Company specifying such breach; (iii) embezzlement, theft, or other willful and material misappropriation by you of any Company property; and/or (iv) your plea of guilty or *nolo contendere* to, or a non-appealable conviction of, a felony, which conviction or plea causes material damage to the reputation or financial position of the Company. Upon termination of your employment pursuant to this Agreement for Cause, you shall be entitled to the Accrued Benefits. In addition, upon termination of your employment pursuant to this Agreement for Cause, and subject to your execution and non-revocation of the Release in accordance with Section 6(g) hereto, you shall retain the opportunity to earn (x) a pro-rata portion of your annual bonus in respect of the year in which your termination occurs and (y) a pro-rata portion of any then-outstanding performance-based SAP awards, in each case, based on the extent to which all applicable performance conditions are achieved following the conclusion of the applicable performance period, which will be paid or settled following the conclusion of the performance period in accordance with their terms and will be prorated based on a fraction, the numerator of which is the number of days during the performance period during which you remained an employee of the Company and the denominator of which is the number of days in the performance period. Upon your resignation for any reason on the day immediately following the end of the Term, provided that you notify the Company in writing in accordance with Section 15 of this Agreement within thirty (30) days prior to such date, provided further that you have not entered into another employment or service agreement with the Company or any of its affiliates, and subject to your execution and non-revocation of the Release in accordance with Section 6(g) hereto, (1) you shall retain the opportunity to earn any performance-based SAP awards that were granted during the Term and remain outstanding at the conclusion of the Term without proration based on the extent to which all applicable performance conditions are achieved following the conclusion of the applicable performance period, which will be paid or settled following the conclusion of the performance period in accordance with their terms and (2) any time-based SAP awards that were granted during the Term and remain outstanding at the conclusion of the Term will accelerate and vest on the Release Effective Date and will be paid or settled in accordance with their terms.

(d) During the Term and other than the twelve (12)-month period following a Change in Control (as defined below), the Company may terminate your employment pursuant to this Agreement without Cause or you may terminate your employment pursuant to this Agreement for Good Reason (as defined below). Following any such termination of your employment pursuant to this Agreement by the Company without Cause or by you for Good Reason other than during the twelve (12)-month period following a Change in Control, as

your sole remedy you shall be entitled to receive the Accrued Benefits in addition to the following: (i) cash severance equal to the greater of the following (each of which will be less applicable deductions and withholdings): [(x) if termination is prior to June 30, 2021, the sum of two years of your Base Salary (calculated as the date of termination and two years of your Target Bonus or if termination is on or after July 1, 2021, one year of your Base Salary and your Target Bonus]⁴ (x) the sum of (A) one year of your Base Salary (calculated as the date of termination) plus (B) your Target Bonus for the year in which your termination occurs, with such sum payable in a single lump sum within ten (10) business days following the Release Effective Date (as defined below), or (y) the sum of (A) the remainder of your Base Salary for the Term plus (B) a Target Bonus payment for each remaining performance period during the Term, with such sum payable in a single lump sum within ten (10) business days following the Release Effective Date (with subsection x and y hereof calculated using your Target Bonus applicable to the fiscal year to which the bonus relates); (ii) (x) accelerated vesting of any then-outstanding time-based SAP awards on the Release Effective Date, which will be settled in accordance with their terms and (y) continued vesting of any then-outstanding performance-based SAP awards based on the extent to which all applicable performance conditions are achieved following the conclusion of the applicable performance period, which will be paid or settled following the conclusion of the performance period in accordance with their terms; and (iii) payment by the Company for the employer portion of the premiums (which, for the avoidance of doubt, may be 100% of the premiums) necessary for you and your eligible dependents to continue coverage under the Company's group health, dental, and vision insurance plans in which you and your eligible dependents were enrolled at the time of the termination of your employment for a period commencing on the first day following the date your as-employed benefits cease and ending on the earlier to occur of (x) the last day of the Term, (y) the date you become eligible for healthcare coverage from a subsequent employer, and (z) the maximum period allowed by COBRA for you to continue such coverage under the Company's group health, dental, and vision insurance plans, provided, however, that you shall be exclusively responsible for making a timely election for COBRA coverage for you and your eligible dependents and you shall promptly inform the Company (but in any event within 10 business days) upon becoming employed by a subsequent employer. If such continued coverage is barred or otherwise results in adverse tax consequences for you and/or the Company, then the Company will arrange to provide you and your eligible dependents with substantially similar coverage to that which such persons would have otherwise been entitled to receive under such benefit programs from which such continued participation is barred, which may include a cash payment in lieu thereof. To the extent any SAP awards are implicated by this paragraph, any outstanding SAP awards shall be treated in accordance with the terms and conditions of the applicable SAP and grant agreements, except where expressly stated otherwise in this Section 6(d).

⁴ Provision to apply to Executive Chairman and Chief Executive Officer of the Company.

(e) During the Term and during the twelve (12)-month period following a Change in Control, the Company may terminate your employment pursuant to this Agreement without Cause or you may terminate your employment pursuant to this Agreement for Good Reason (as defined below). Following any such termination of your employment pursuant to this Agreement by the Company without Cause or by you for Good Reason during the twelve (12)-month period following a Change in Control, as your sole remedy you shall be entitled to receive the Accrued Benefits in addition to the following: (i) cash severance equal to the greater of the following (each of which will be less applicable deductions and withholdings): (x) the sum of (A) two years of your Base Salary (calculated as of the date of termination) plus (B) two times your Target Bonus for the year in which your termination occurs, with such sum payable in a single lump sum within ten (10) business days following the Release Effective Date, or (y) the sum of (A) the remainder of your Base Salary for the Term plus (B) a Target Bonus payment for each remaining performance period during the Term, with such sum payable in a single lump sum within ten (10) business days following the Release Effective Date (with subsection x and y hereof calculated using your Target Bonus applicable to the fiscal year to which the bonus relates); (ii) (x) accelerated vesting of any then-outstanding time-based SAP awards on the Release Effective Date, which will be settled in accordance with their terms, and (y) continued vesting of any then-outstanding performance-based SAP awards based on the extent to which all applicable performance conditions are achieved following the conclusion of the applicable performance period, which will be paid or settled following the conclusion of the performance period in accordance with their terms; and (iii) payment by the Company for the employer portion of the premiums (which, for the avoidance of doubt, may be 100% of the premiums) necessary for you and your eligible dependents to continue coverage under the Company's group health, dental, and vision insurance plans in which you and your eligible dependents were enrolled at the time of the termination of your employment for a period commencing on the first day following the date your as-employed benefits cease and ending on the earlier to occur of (x) the last day of the Term, (y) the date you become eligible for healthcare coverage from a subsequent employer, and (z) the maximum period allowed by COBRA for you to continue such coverage under the Company's group health, dental, and vision insurance plans, provided, however, that you shall be exclusively responsible for making a timely election for COBRA coverage for you and your eligible dependents and you shall promptly inform the Company (but in any event within 10 business days) upon becoming employed by a subsequent employer. If such continued coverage is barred or otherwise results in adverse tax consequences for you and/or the Company, then the Company will arrange to provide you and your eligible dependents with substantially similar coverage to that which such persons would have otherwise been entitled to receive under such benefit programs from which such continued participation is barred, which may include a cash payment in lieu thereof. To the extent any SAP awards are implicated by this paragraph, any outstanding SAP awards shall be treated in accordance with the terms and conditions of the applicable SAP and grant agreements, except where expressly stated otherwise in this Section 6(e).

For purposes of this Agreement, "Good Reason" shall mean any of the following actions taken without your written consent: (i) a material breach by the Company of this Agreement; (ii) a material diminution of authority inconsistent with the title of [TITLE]; or (iii) a requirement for you to be based in and primarily render services in a location other than the [New York City] [Los Angeles] metropolitan area. Notwithstanding the foregoing,

your resignation will be for Good Reason only if (x) you notify the Company in writing in accordance with Section 15 of this Agreement within twenty (20) days following the occurrence of the circumstance giving rise to your assertion of Good Reason, (y) the Company fails to reasonably cure such grounds within twenty (20) days after receiving such written notice, and (z) you actually resign by notifying the Company in writing in accordance with Section 15 of this Agreement within twenty (20) days following the end of such cure period.

For purposes of this Agreement, "Change in Control" has the meaning specified in the SAP as in effect on the Effective Date of this Agreement.

(f) [The Company shall pay or provide to you the benefits set forth in that certain letter agreement to you from [] dated [DATE]]⁵

(g) As a condition precedent to the Company's obligation to provide you with any compensation and/or benefits other than the Accrued Benefits pursuant to Sections 6(d) or 6(e) after the termination of your employment, you must execute and not revoke the Company's form of separation agreement and general release then in effect (the "Release"), which the Company agrees to negotiate in good faith, within sixty (60) days following your termination of employment, and must comply with the Release thereafter. For purposes of this Agreement, the date on which the Release becomes effective and no longer subject to revocation shall be referred to herein as the "Release Effective Date". For the avoidance of doubt, if the Release Effective Date does not occur prior to the sixtieth (60th) day following your termination of employment, you will not be entitled to receive any payments or benefits pursuant to Sections 6(d) or 6(e) of this Agreement other than the Accrued Benefits.

(h) Effective automatically as of any termination of your employment and without any further action taken by you, you will be deemed to effectively resign from all positions, offices, and directorships with the Company and any affiliate and subsidiary of the Company, as well as from any positions, offices and directorships on the Company's and its affiliates and subsidiaries' foundations, benefit plans and programs. You will not be required to mitigate the amount of any payment provided for in Section 6 of or otherwise under this Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to you in any subsequent employment.

(i) [You agree that you will not, for a period of one year following termination, commence employment as the [TITLE] of any of the companies that are listed on Schedule 6(i) attached hereto; provided, however that nothing contained herein shall prohibit you from (i) investing your personal assets in such form and in such manner as will not violate Section 9(a) or (ii) creating content that may be licensed to a business that is competitive with the Company including, without limitation, the companies listed on Schedule 6(i). You agree that the covenant set forth in this Section 6(i) shall survive the termination of this Agreement.]⁶

⁵ Provision to apply to certain executives with legacy letter agreements.

⁶ Provision to apply to executives whose primary place of business is California.

7. Company Policies. You shall at all times be subject to, comply with, and carry out the written rules, regulations, policies, directions, and restrictions applicable to other comparable executives of Company as the Company may from time to time establish, including without limitation the Company's Standards of Business Conduct, Policy Prohibiting Harassment, Discrimination, and Retaliation, and Electronic Communications Policy, as well as those imposed by law and those related to conflicts of interest and permitted outside activities. Your employment is likewise subject to the Company's policies contained in the employee handbook currently titled "Fox Facts" as well as its supplemental policies. You acknowledge that you have received access to or copies of such policies, have reviewed them, and understand them.

8. Cooperation; Indemnification.

(a) During your employment and for a period of three (3) years after the termination of that employment, and during all reasonable times thereafter, you will (i) reasonably cooperate with the Company in providing truthful testimony as a witness or a declarant in connection with any present, future, or threatened investigation, litigation, or administrative or arbitral proceeding involving the Company with respect to which you may have relevant information, and (ii) reasonably assist the Company during the investigatory and discovery phases (or prior thereto) of any judicial, administrative, internal, arbitral, or grievance proceeding involving the Company and with respect to which you may have relevant information. The Company will, within thirty (30) days of your producing receipts satisfactory to the Company, reimburse you for any reasonable and necessary expenses incurred by you in connection with such cooperation.

(b) The Company shall indemnify you, defend you, and hold you harmless, to the maximum extent permitted by law, against all claims, damages, costs, losses, liabilities, judgments, fines, amounts paid in settlement of, and reasonable expenses (including, without limitation, reasonable attorneys' fees) incurred by you in connection with, the defense of any claim, action or proceeding in which you are a party by reason of any acts or omissions made by you in good faith in the course and scope of your employment. You shall be entitled to advancement by the Company, prior to the final disposition of any claim, of any and all expenses actually and reasonably paid or incurred by you in connection with any such claim. In connection with any request for any advancement, you shall execute and deliver to the Company an undertaking to repay any amounts paid, advanced, or reimbursed by the Company for such expenses to the extent that it is ultimately determined, following the final disposition of such claim, that you are not entitled to indemnification hereunder. In the event that you are made a party or threatened to be made to a party to any action or proceeding because of your employment with the Company, other than any action or proceeding initiated by your or the Company against the other, the Company shall provide you with legal counsel of the Company's choosing and, provided you accept such legal counsel, the Company shall pay all related legal fees and expenses, judgments, fines, and amounts paid to settle such action or proceeding, provided your acts or omissions that form the basis for the action or proceeding: (i) were committed in the course and scope of your employment; (ii) were made in good faith in furtherance of your duties; (iii) did not violate any of the Company's policies or procedures; and (iv) were not otherwise illegal.

(c) The covenants set forth in this Section 8 shall survive the termination of your employment pursuant to this Agreement.

9. [Non-Competition] [Adverse Interest]; Nature of Services.

(a) You agree that during the Term (or, if you are terminated by the Company or resign for Good Reason, while you are employed by the Company) [, and for a period of twelve (12) months thereafter]⁷, you will not directly or indirectly provide services to or hold any interest in any entity that competes with the business of the Company as in effect during your employment hereunder or as of the date of your termination. The foregoing does not prohibit your ownership of less than five percent (5%) of the outstanding common stock of any company whose shares are publicly traded. Notwithstanding anything to the contrary provided in this Agreement, in no event shall the foregoing permit your ownership of any interest in a business entity that would result in the Company holding an attributable interest in such business entity under the media ownership laws and regulations of the United States, including 47 C.F.R § 73.3555 without the prior written consent of the Company. [You agree that the covenant set forth in this Section 9(a) shall survive the termination of this Agreement.]⁸

(b) The services to be furnished by you hereunder and the rights and privileges granted to the Company by you are of a special, unique, unusual, extraordinary, and intellectual character which gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in any action at law, and a breach by you of any of the provisions contained herein will cause the Company irreparable injury and damage. You expressly agree that the Company shall be entitled to seek injunctive and other equitable relief to prevent you from working for another employer in breach of this Agreement. Resort to such equitable relief, however, shall not be construed as a waiver of any preceding or succeeding breach of the same or any other term or provision. The various rights and remedies of the Company hereunder shall be construed to be cumulative and no one of them shall be exclusive of any other or of any right or remedy allowed by law.

10. Non-Solicitation. You will not, while employed by the Company and for a period of twelve (12) months thereafter, either individually or on behalf of any other entity, directly or indirectly, induce or solicit or approach or attempt to induce or solicit or approach any person who is an employee of the Company or any of its affiliates to render services to any other person, firm, or corporation provided, however, that, following the termination of your employment, investment of your personal assets in a business owned by an employee of the Company or its affiliates shall not be deemed to violate this Section 10. Notwithstanding the foregoing, this Section 10 shall not preclude you from soliciting or hiring for a period of twelve (12) months after the conclusion of your employment with the Company: (i) any individual who responds to any public advertisement or general solicitation; or (ii) any individual who was your executive assistant or secretary as of the date of the termination of your employment with the Company. The covenant set forth in this Section 10 shall survive any termination of this Agreement.

⁷ Provision to apply to executives whose primary place of business is New York.

⁸ Provision to apply to executives whose primary place of business is New York.

11. Intellectual Property; Confidential Information.

(a) You acknowledge that the relationship between the parties hereto is exclusively that of employer and employee and that the Company's obligations to you are exclusively contractual in nature. The Company shall be the sole owner of all the fruits and proceeds of your services hereunder, including, but not limited to, all ideas, concepts, formats, suggestions, developments, arrangements, designs, packages, programs, promotions, and other intellectual properties which you may create in connection with and during the term of your employment hereunder, free and clear of any claims by you (or anyone claiming under you) of any kind or character whatsoever (other than your right to compensation as set forth in this Agreement). You shall, at the reasonable request of the Company, execute such assignments, certificates, or other instruments consistent herewith as the Company may from time to time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce, or defend its right, title, and interest in or to any such properties after a reasonable opportunity to review and negotiate the same in good faith. However, this paragraph shall not apply to any invention or intellectual property that you develop entirely on your own time without using the Company's equipment, supplies, facilities, or trade secret information, except for those inventions that either (i) relate at the time of conception or reduction to practice of such invention or intellectual property to the Company's business or actual or demonstrably anticipated research or development of the Company; or (ii) result from any work performed by you for the Company. You will advise the Company promptly in writing of any inventions or intellectual property that you believe meet the criteria of the exception in the preceding sentence.

(b) All memoranda, notes, records, and other documents made or compiled by you, or made available to you during the Term or subsequently during any at-will employment period thereafter concerning the business of the Company or its affiliates shall be the Company's property and shall be delivered to the Company upon the termination of this Agreement or at any other time on request. You understand and agree that in the course of your employment with the Company, you may acquire confidential information and trade secrets concerning the Company's operations, its future plans and its method of doing business and the operations, future plans and method of doing business of the Company's affiliates, including, by way of example, but by no means limited to, highly proprietary information about the Company's and its affiliates' customers, processes, product development, strategy, finances, marketing, pricing, and costs (hereinafter collectively "Confidential Information"), all of which information you understand and agree would be extremely damaging to the Company if disclosed to a competitor or made available to any other person or corporation. As used herein, the term "competitor" includes, but is not limited to, any corporation, firm, or business engaged in a business similar to that of the Company or its subsidiary or affiliated companies. You understand and agree that such information is divulged to you in confidence and you understand and agree that, at all times, you shall keep in confidence and will not disclose or communicate Confidential Information or any other secret and confidential information on your own behalf, or on behalf of any competitor, if such information is not otherwise publicly available, unless disclosure is made pursuant to written approval by the Company or is required by law. In view of the nature of your employment and information and Confidential Information which you may receive during the course of your employment, you likewise agree that the Company would be irreparably harmed by any violation of this Agreement and that, therefore, the Company shall be entitled to seek an injunction prohibiting you from any

violation or threatened violation of this Agreement. Federal law provides that no individual may be held criminally or civilly liable under any federal or state trade secret law for directly or indirectly disclosing, in confidence, Confidential Information and/or a trade secret to any federal, state, or local government official, or to an attorney, where such disclosure is solely for the purpose of reporting or investigating a suspected violation of law, or is made in a complaint or other document filed under seal in a lawsuit or other proceeding. You do not need the Company's prior authorization to make any such reports or disclosures and you are not required to notify the Company that you have made such reports or disclosures. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order. Nothing in this Section 11 shall be construed to conflict or otherwise interfere with your rights under federal law as stated herein.

(c) The Company shall have the right to use your name, biography, and likeness in connection with its business, including in advertising its products and services, and may grant this right to others, but not for use as a direct endorsement.

(d) The covenants set forth above in this Section 11 shall survive the termination of this Agreement.

12. Enforcement; Blue-Pencil. You acknowledge and agree that (a) the covenants set forth above in Sections [6(i)], 9, 10, and 11 are reasonable and necessary to protect the Company's legitimate interests in its trade secrets, confidential information, goodwill, and stable workforce; (b) the covenants set forth in Sections [6(i)] and 9 are reasonable in geographic scope, duration, and scope of activity; and (c) if you were to breach any of the covenants set forth above in Sections [6(i)], 9, 10, or 11, the Company would suffer irreparable harm that would be difficult to calculate and, accordingly, in addition to any other remedies which the Company may have under this Agreement or otherwise, the Company shall be entitled to obtain equitable relief, including but not limited to specific performance, temporary restraining orders, and preliminary and permanent injunctive relief restraining you from committing or continuing any such violation of this Agreement without any obligation to post a bond. If any provision of Sections [6(i)], 9, 10, or 11 above or any part of any such provision is held under any circumstances to be invalid or unenforceable by any arbitrator or court of competent jurisdiction, then: (i) such provision or part thereof shall, with respect to such circumstances and in such jurisdiction, be modified by such arbitrator or court to conform to applicable laws so as to be valid and enforceable to the fullest possible extent; (ii) the invalidity or unenforceability of such provision or part thereof under such circumstances and in such jurisdiction shall not affect the validity or enforceability of such provision or part thereof under any other circumstances or in any other jurisdiction; and (iii) the invalidity or unenforceability of such provision or part thereof shall not affect the validity or enforceability of the remainder of such provision or the validity or enforceability of any other provision of Sections [6(i)], 9, 10, or 11 of this Agreement.

13. Dispute Resolution Procedure: Agreement to Individual Arbitration.

(a) **Except where otherwise expressly noted below, you and the Company mutually agree to waive your respective rights to resolution of disputes in a court of law by a judge or jury and agree to resolve any dispute by arbitration before a neutral arbitrator in the city and state of your assigned work location.** All disputes, claims, or controversies, except those for (i) for sexual harassment or sexual assault, (ii) for workers' compensation, (iii) for state disability insurance, (iv) for unemployment insurance benefits, (v) arising under a benefit plan where the plan expressly specifies a separate arbitration or dispute resolution procedure, (vi) arising under the National Labor Relations Act and filed through a charge with the National Labor Relations Board, and/or (vii) which are otherwise expressly prohibited by law from being subject to arbitration under this agreement, provided such prohibition is not preempted under the Federal Arbitration Act or any other federal law (except as so expressly excluded, "Claims"), between you and the Company or its affiliates, subsidiaries, parents, successors, and assigns, and each of those entities' officers, directors, employees, agents, or shareholders, shall be exclusively resolved by binding arbitration, regardless of whether the Claim relates to past, present, or future events. Except for the limited exclusions noted, this agreed dispute resolution procedure is intended to require arbitration of every Claim that can lawfully be arbitrated.

(b) All disputes concerning the arbitrability of a Claim (including disputes about the scope, applicability, enforceability, revocability or validity of this agreement to arbitrate) shall be decided by the arbitrator, except that disputes regarding the scope, applicability, enforceability, revocability or validity of subsection (c) may be resolved only by a court of competent jurisdiction and not by an arbitrator.

(c) **You understand and agree that you and the Company may each bring Claims in arbitration against the other only in an individual capacity and not bring or participate in a class, collective, or representative action to the fullest extent permitted by law.** The arbitrator may award relief only in favor of the individual party seeking relief and only to the extent necessary to provide the relief warranted by that party's individual claims, without affecting the rights of other current or former employees or independent contractors of the Company or third parties. Nor may an arbitrator consolidate claims of more than one person without all parties' consent.

If any of the prohibitions in this subsection (c) are found to be unenforceable with respect to a particular Claim or a particular request for relief (such as a request for injunctive relief sought with respect to a particular Claim) then that Claim or request for relief shall be severed and decided by a Court of competent jurisdiction, and all other Claims and requests for relief shall be arbitrated. In the event this subsection (c) requires that some Claims be arbitrated and other Claims be litigated in Court, you and the Company agree that the parties shall jointly request that the Court stay the Claims that must be litigated in Court until the Claims subject to arbitration are fully resolved by an arbitrator. This provision supersedes any JAMS rule or procedure permitting class or other representative the involuntary consolidation of separate claims.

(d) This agreement to arbitrate is governed by the Federal Arbitration Act and survives the termination of any employment agreement between you and the Company or the end of your employment relationship with the Company.

(e) Arbitration must be commenced within the applicable statute of limitations for the Claim(s) asserted.

(f) Any arbitration conducted pursuant to this agreement to arbitrate shall be administered by JAMS pursuant to its Employment Arbitration Rules & Procedures (“JAMS Rules”) that are in effect at the time the arbitration is initiated, as modified by this agreement. You understand that you can obtain copies of these rules at JAMS’s website (www.jamsadr.com; <https://www.jamsadr.com/rules-employment-arbitration/>) or by sending a written request pursuant to Section 15. The parties shall have the right to engage in reasonable discovery as determined by the arbitrator. The arbitrator may award any form of remedy or relief (excluding class, collective or representative relief and non-individual injunctive relief) that would otherwise be available in Court. The award of the arbitrator shall be accompanied by a written opinion of the factual and legal basis for the award, and the decision of the arbitrator shall be final, binding, and conclusive on the parties. The Company will pay all JAMS filing, administrative, arbitrator, and hearing fees. While the Company will pay costs unique to arbitration, the parties will bear their own fees and costs, including attorney and expert fees, unless such costs and/or fees are awarded to a particular party by the arbitrator in accordance with applicable law.

(g) To the maximum extent permitted by law, any notice and information concerning the arbitration, including but not limited to all filings, evidence, and testimony related thereto, shall be held in strict confidence by the parties. If any proceedings are held in Court (e.g., to compel arbitration; for a temporary restraining order or a preliminary injunction; for confirmation of an award; to resolve any disputes regarding arbitrability reserved for the Court), the parties shall seek to prevent public disclosure of any non-public information associated with the proceeding, including by filing documents under seal, subject to any applicable legal limitations. If a party disputes whether certain information can properly be sealed, the objecting party will still cooperate in filing the documents under provisional seal pending the Court’s ruling as to whether the information or any part of it qualifies for protection.

(h) You or the Company may apply to the arbitrator for preliminary injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this paragraph, seek from any Court of competent jurisdiction any interim or provisional relief that is necessary to protect the rights of that party, pending the establishment of the arbitral tribunal or thereafter as permitted by law.

(i) Nothing in this dispute resolution procedure/agreement to arbitrate prevents you from making a report to or filing a claim or charge with any local, state, or federal government agency or participating in an investigation by a government agency. However, to the extent permitted by law, if you or the Company seek to appeal any such government or administrative award or decision and/or seek a trial de novo, you and the Company agree that that such appeal or trial de novo is subject to the binding arbitration procedure described herein.

(j) **By agreeing to arbitration, you understand that, to the fullest extent permitted by law, you and the Company are waiving the right to sue in court, participate in a class, collective or representative action, or have a jury trial for all Claims.**

14. Acknowledgements. You acknowledge and agree that you have reviewed this Agreement, you have had the opportunity to discuss its contents with legal counsel of your own choosing, and you are voluntarily entering into this Agreement without any duress. Both you and the Company have had an opportunity to negotiate the terms of this Agreement. Hence, in any construction or interpretation of this Agreement, the same shall not be construed against any party on the basis that the party was the drafter. You acknowledge and represent that you are not subject to any legal or contractual obligations that would prevent or interfere with your performance of your duties for the Company in any material respect.

15. Notices. All notices either party is required or desires to send to the other shall be addressed as follows:

To employee:

[NAME]
at the last address on file with the Company

To the Company:

Chief Employment Counsel
Fox Corporation
10201 West Pico Blvd
Los Angeles, CA 90064

or such other address as the party may from time to time designate by written notice to the other. Such notices shall be served by mail (postage prepaid) or by personal delivery. The date of mailing or personal delivery, as the case may be, shall be deemed the date of service.

16. Legal Fees. The Company shall pay all reasonable fees and disbursements incurred by you in connection with any dispute over the enforcement of your rights under this Agreement or for which the Company is obligated to indemnify you, provided that no such payment shall be required if the judge or arbiter presiding over the proceeding affirmatively finds that you instituted the proceeding in bad faith.⁹

⁹ Provision to apply to Executive Chairman and Chief Executive Officer of the Company.

17. Amendments. This Agreement may only be amended or modified in a writing signed by both you and an authorized representative of the Company and may not be amended or modified by oral agreement.

18. Severability. If any term, provision, covenant, or restriction contained in this Agreement, or any part thereof, is held by a court of competent jurisdiction or any foreign, federal, state, county, or local government or any other governmental regulatory or administrative agency or authority or any arbitrator or arbitration panel (collectively, "Authority") to be invalid, void, unenforceable, or against public policy for any reason, the remainder of the terms, provisions, covenants, and restrictions of this Agreement shall remain in full force and effect. If any provision of Sections [6(i)] and 9 through 11 above shall be held to be void or unenforceable as overbroad in scope, geographic area, and/or duration, you and the Company agree that such court shall have the authority under this Agreement to reduce the scope, geographic area and/or duration so that such provision may then be enforced and such provision shall be enforced as modified.

19. Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to contracts performed entirely therein.

20. Entire Agreement; Counterparts. Once effective, this Agreement, and the letter agreement dated [DATE] will supersede any and all prior agreements or understandings, whether express or implied, oral or written, between you and the Company or any of its subsidiaries or affiliated entities, relating to your services for or employment with the Company or any of its subsidiaries or affiliated entities, including the [DATE] employment agreement between 21st Century Fox America, Inc. (formerly known as News America Incorporated) and you, and any promises or agreements concerning severance. This Agreement may be executed in counterparts; each counterpart shall be deemed as an original as to the party being charged. Each party agrees that facsimiles of or scanned (e.g., by PDF) signatures shall be deemed as originals for purposes of effectuating this Agreement.

21. Assignment. This Agreement shall inure to the benefit of the successors and general assigns of the Company and to the benefit of any other corporation or entity which is a parent, subsidiary, or affiliate of the Company to which this Agreement is assigned, and any other corporation or entity into which the Company may be merged or with which it may be consolidated provided the Company's obligations under this Agreement are assumed by the assignee in writing. Except as herein provided, this Agreement shall be nonassignable.

22. Section Headings. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

23. Code Section 280G. To the extent that any amount payable to you hereunder, when combined with any other payment or benefit (collectively, the "Payments", which shall include, without limitation, the vesting of any equity awards or other non-cash benefit or property) that could be considered a "parachute payment," as such term is defined under Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), exceed the limitations of Section 280G of the Code such that an excise tax will be imposed under Section 4999 of the Code, the Payments shall be either (a) reduced (but not below zero) so that the present value of such total Payments

received by you will be one dollar (\$1.00) less than three times your “base amount” (as defined in Section 280G(b)(3) of the Code) and so that no portion of such Payments received by you will be subject to the excise tax imposed by Section 4999 of the Code, such parachute payments shall be reduced in the following order: (i) any portion of the cash severance payable hereunder that is not “nonqualified deferred compensation” for purposes of Code Section 409A, (ii) any benefits continuation valued as parachute payments, (iii) any accelerated vesting of any equity awards and (iv) any portion of the cash severance payable hereunder and any other cash amounts that are “nonqualified deferred compensation” for purposes of Code Section 409A, or (b) paid in full, whichever of (a) or (b) produces the better net after tax position to you (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). For purposes of making the calculations and determinations required by this Section 22, the Company may engage an independent accounting firm or independent counsel to make such determinations, which shall be conclusive and binding on the Company and you, and such independent accounting firm or independent counsel may rely on reasonable, good faith assumptions and approximations concerning the applicability of Section 280G and Section 4999 of the Code.

24. Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance promulgated thereunder (“Section 409A”), or an exemption thereunder, and shall be interpreted and administered accordingly. To the extent you would be subject to the additional 20% tax imposed on certain deferred compensation arrangements pursuant to Section 409A as a result of any provision of this Agreement, such provision shall be deemed amended to the minimum extent necessary to avoid application of such tax and preserve to the maximum extent possible the original intent and economic benefit to you and the Company, and the Company shall promptly give you notice of any amendment reasonably necessary to implement this Section. Notwithstanding the foregoing, in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A.

(a) For purposes of Section 409A, your right to receive installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments.

(b) For purposes of determining the timing of any payments or benefits hereunder that are classified as deferred compensation, any termination of employment hereunder will only constitute a termination of employment if it also constitutes a “separation from service” within the meaning of Section 409A.

(c) Notwithstanding any other provision of this Agreement to the contrary, if at the time of your separation from service, (i) you are a “specified employee” (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time), and (ii) the Company makes a good faith determination that an amount payable on account of such separation from service to you constitutes deferred compensation under Section 409A the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A (the “Delay Period”), then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it in a lump sum on the first business day after such six-

month period (or upon your death, if earlier), together with interest for the period of delay, compounded annually, equal to the applicable prime rate (as published in *The Wall Street Journal*) in effect as of the dates the payments should otherwise have been provided. To the extent that any benefits to be provided during the Delay Period are considered deferred compensation under Section 409A, are provided on account of a “separation from service,” and are not otherwise exempt from Section 409A, you shall pay the cost of such benefits during the Delay Period, and the Company shall reimburse you, to the extent that such costs would otherwise have been paid by the Company or to the extent that such benefits would otherwise have been provided by the Company at no cost to you, the Company’s share of the cost of such benefits upon expiration of the Delay Period, and any remaining benefits shall be reimbursed or provided by the Company in accordance with the procedures specified herein.

(d) Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., “payment shall be made within thirty (30) days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the Company.

(e) To the extent that severance payments or benefits pursuant to this Agreement are conditioned upon the execution and delivery by you of a release of claims (and the expiration of any revocation rights provided therein) which could become effective in one of two (2) taxable years depending on when you execute and deliver the release, any deferred compensation payment shall be made no earlier than the first business day of the later of such taxable years. The Company may provide, in its sole discretion, that you may continue to participate in any benefits delayed as a result of such benefits being conditioned upon your execution and non-revocation of the release, and the provisions of this subsection (e), during the period of such delay, provided that you shall bear the full cost of such benefits during such delay period. Upon the date such benefits would otherwise commence pursuant to this section, the Company shall reimburse you the Company’s share of the cost of such benefits that was borne by you during such delay period, to the extent that such costs would otherwise have been paid by the Company or to the extent that such benefits would otherwise have been provided by the Company at no cost to you, in each case had such benefits commenced immediately upon your termination of employment. Any remaining benefits shall be reimbursed or provided by the Company in accordance with the schedule and procedures specified herein.

(f) All expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by you (provided that if any such reimbursements constitute taxable income to you, such reimbursements shall be paid no later than March 15th of the calendar year following the calendar year in which the expenses to be reimbursed were incurred), the amount of any expenses eligible for reimbursement, or in-kind benefits provided, in any taxable year shall in no way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

(g) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes deferred compensation for purposes of Section 409A be subject to offset, counterclaim or recoupment by any other amount payable to you unless otherwise permitted by Section 409A.

(h) Unless this Agreement provides a specified and objectively determinable payment schedule to the contrary, to the extent that any payment of base salary or other compensation is to be paid for a specified continuing period of time beyond the date of your termination of employment in accordance with the Company's payroll practices (or other similar term), the payments of such base salary or other compensation shall be made on a monthly basis.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written below.

ACCEPTED AND AGREED:

[NAME]

Date

Signature Page to Employment Agreement

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written below.

ACCEPTED AND AGREED

Name:

on behalf of FOX CORPORATION

Date

Signature Page to Employment Agreement

[Schedule 6(i)]¹⁰

The companies identified in Section 6(i) of the Agreement shall be the following and any successor thereto:

AT&T Inc.
CBS Corporation
Comcast Corporation
Netflix, Inc.
Sony Corporation
Time Warner Inc.
The Walt Disney Company/New Disney
Viacom Inc.

¹⁰ Schedule to apply to executives whose primary place of business is California.



News Corporation

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JOHN P. NALLEN

EXECUTIVE VICE PRESIDENT
DEPUTY CHIEF FINANCIAL OFFICER

November 17, 2008

Mr. Lachlan Murdoch
504 Bronte Road
Bronte, NSW 2024
Australia

Dear Lachlan:

The purpose of this letter is to advise you that the Compensation Committee of the Board of Directors of News Corporation determined on November 13, 2008 to provide clarifications and changes to the individual supplemental executive retirement arrangement previously granted to you ("ISERA") providing enhanced retirement benefits beyond those available under the News America Incorporated Supplemental Executive Retirement Plan ("SERP"). The codification of the changes to your ISERA is attached.

The major change is that the maximum amount of your compensation that may be taken into account will hereafter increase annually based on a cost of living adjustment. Additionally, you may elect to receive your benefits, in lieu of a joint and survivor annuity, if married (or a single life annuity, if you are unmarried), in the form of a lump sum payout or in ten level annual installments; these alternatives are actuarially equivalent payments.

Sincerely,

/s/ John P. Nallen



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Lachlan Murdoch (the “Executive”) is entitled to receive benefits under the News America Incorporated Supplemental Executive Retirement Plan (the “SERP”), as well as an individual supplemental executive retirement arrangement that the Board of Directors of News America Incorporated previously awarded the Executive providing enhanced retirement benefits beyond those available under the SERP (the “ISERA”). The Compensation Committee of the Board of Directors of News Corporation has determined that the administrative rules for the ISERA along with additional benefits not provided in the SERP should also be further described in this document with regard to the calculation and administration of the Executive’s benefits under the ISERA. This codification of the ISERA has been made in accord with the prior administration of the ISERA and in accord with the prior calculation of the actuarial value of the benefits under the ISERA as disclosed in the Company’s proxy statement, and as supplemented by the additional benefit contained herein. Unless otherwise defined herein, all capitalized terms used in this document shall have the same meaning as in the SERP

1. Article II, Section 2.7. – The first sentence of the definition of SERP Benefit is hereby amended to read as follows:

“SERF Benefit” shall mean the benefit payable under the Qualified Plan calculated, however, without giving effect to Code Section 401(a)(17), but in no event shall Compensation taken into account in calculating this benefit for any Plan Year exceed \$2,000,000; provided, that any offset of prior benefits pursuant to Section 4.4 of the Qualified Plan shall be calculated so that such offset shall not apply to a period of service during which the Participant was not eligible to participate in a stock bonus, pension or profit-sharing plan sponsored by an Affiliate which is qualified under Code Section 401 or maintained by a Non-U.S. Affiliate. The \$2,000,000 figure shall be increased annually from July 1, 2008 by the CPI Adjustment until such time as the Participant has a Separation from Service. In all events, the SERP Benefit shall be decreased by the Actuarial Equivalent of any benefits payable to the Participant pursuant to a qualified and a non-qualified plan maintained or contributed to by an Affiliate (including a Non-U.S. Affiliate (exclusive of benefits attributable to contributions or salary deferrals of the Participant)), but in all events such benefits payable shall not be taken into account to the extent benefits payable hereunder would be less than the amount payable taking into account only Years of Benefit Service with Participating Employers. Additionally, in a case where the SERP Benefit was reduced by reason of prior Qualified Plan or Plan Benefit distributions, benefits payable shall be offset by the Actuarial Equivalent of the prior distribution (unless such distributions were restored to such plans), but in no event shall the benefits payable hereunder be less than the amount payable taking into account only Years of Benefit Service since such distributions. Notwithstanding the foregoing, in no event shall the annual benefit payable to the Participant starting at an Early, Normal or Postponed Retirement Date, or thereafter to a surviving spouse, be less than the Minimum Amount; provided, further, that if upon commencement of the annual benefit payable to the Participant such payments are in excess of the Minimum Amount, the amounts payable shall be increased by the CPI Adjustment each January 1 after payments have commenced.

2. Article II – A new definition of Minimum Amount is hereby added to read as follows:

“Minimum Amount” shall mean \$500,000, increased annually from the date payments commence by the CPI Adjustment, payable for life to the Executive and after his death to his surviving spouse to whom the Executive had been married on the date benefit payments under this plan commenced.

3. Article II – A new definition of CPI Adjustment is hereby added to read as follows:

“CPI Adjustment” shall mean the percentage increase in the prior calendar year’s cost of living adjustment based on the Revised Consumer Price Index for all Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor for New York, Northern New Jersey, Long Island or any equivalent successor index.

4. Article II – A new definition of Qualified Joint and Survivor Annuity is hereby added to read as follows:

“Qualified Joint and Survivor Annuity” or “QJSA” shall mean an annuity for the life of the Participant with a survivor annuity for the life of the spouse which is 100 percent of the amount of the annuity which is payable during the life of the Participant and the spouse. The Spouse shall be determined as of the date any annuity payments commence.

5. Article IV – A new Section 4.10 is hereby added to read as follows:

4.10 No Reduction for Certain Benefits. Notwithstanding the foregoing, (a) if the Participant elects a QJSA as the form of benefit under the Qualified Plan, the SERP Benefit shall be unreduced by the QJSA election; (b) if the Participant takes an Early Retirement Pension, the benefit received under this Plan shall not be subject to the reduction set forth in Section 7.2 of the Qualified Plan; and (c) if the Participant retires on his Postponed Retirement Date, the Participant’s monthly benefit under this Plan shall be the greater of (A) the calculation of the Participant’s monthly benefit pursuant to Section 7.5 of the Qualified Plan or (B) the Minimum Amount divided by twelve.

6. Article IV. – A new Section 4.11 is hereby added to read as follows:

4.11 Continuing Welfare Benefits. Provided a Participant retires at an Early, Normal or Postponed Retirement Date, medical benefits shall be provided to the Participant during retirement and thereafter to the surviving spouse (as of the date of such retirement) on the same terms and conditions as apply to the highest paid group of executives of News America Incorporated as of the date on the ISERA letter given to the Participant or, if more beneficial to the Participant, as of the date of his retirement and shall include any improvements to such benefits as are provided to such executives. Life insurance shall be maintained for the Participant on the same basis and at not less than the level of coverage as was being provided to the Participant on his or her retirement date.

7. Article IV. – A new Section 4.12 is hereby added to read as follows:

4.12 Lump Sum and Ten-Year Payments. A Participant may elect pursuant to such rules as set by the Committee to receive benefits payable pursuant to this ISERA, in one lump sum or a series of annual installments payable over ten years which payment or payments is or are the Actuarial Equivalent of the benefits payable under this ISERA. In the absence of an effective election, payments shall be made in the form of an annuity. In calculating payments under this Section 4.12, the annual discount rate and mortality basis used in calculations shall be subject to change each year and will be the rate and basis used by News Corporation for financial reporting with respect to its United States defined benefit pension plans and shall apply for the succeeding fiscal year. The determination of future inflation expectations shall be made by News Corporation by considering various factors, including the differences in yields between United States Treasury instruments and United States Treasury Real Yields (so-called “TIPS”). Additionally, if a Participant has elected either a lump sum or ten-year installment payout on or before December 31, 2008, the assumptions described in the previous sentence shall be determined as of June 30 2008.

8. Article V, Section 5.1 – Wherever “NAI” appears in Section 5.1, “News Corporation” shall be substituted and a new sentence at the end of the Section is hereby added to read as follows.

News Corporation includes (i) any successor to any portion or all of the assets of News Corporation in any sale or exchange where less than full and adequate consideration was received by News Corporation for such assets and (ii) any corporation into which News Corporation is consolidated or merged or any similar transaction or any successor in interest whether directly or indirectly, to News Corporation.



ISERA letter

January 1, 2005

Mr. John P. Nallen
1 Salem Lane
Westport, CT 06880

Dear John:

In the manner set forth in this letter, the Board of Directors of News America Incorporated has determined that you will receive increased retirement benefits, including enhanced retirement benefits under the News America Supplemental Executive Retirement Plan (the "SERP"), as amended and restated effective January 1, 2002. All capitalized terms used in this letter which are undefined shall have the same meaning as in the SERP.

A. You will receive the benefits under the SERP, increased in the following respects:

1. "SERP Benefit" shall mean the benefit payable under the Qualified Plan calculated, however, without giving effect to Code Section 401(a)(17), but in no event shall Compensation taken into account in calculating this benefit for any Plan Year exceed \$1,000,000. The annual benefit shall be payable to you or your surviving spouse during your lifetimes. Spouse for purposes of this letter shall mean the person you are married to on the date of your retirement.
2. The amount specified in paragraph 1 above, shall, beginning, upon the date you commence receiving the benefit payments determined in paragraph 1 above, increase annually by the percentage increase in the prior calendar year's cost of living adjustment based on the Revised Consumer Price Index for all Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor for New York, Northern New Jersey, Long Island or any equivalent successor index (the "CPI Adjustment") and shall apply to all payments that are made under paragraph 1 above.

B. Upon your Early, Normal or Postponed Retirement Date, medical benefits shall be provided to you and your spouse during the retirement and thereafter to your surviving spouse on the same terms and conditions as then apply to the highest paid group of executives of News America Incorporated. Life insurance shall be maintained for you on the same basis and at not less than the level of coverage as was being provided to you on your retirement date.

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C. The benefits provided for in (A) shall be calculated with no reduction for (a) the surviving spouse or (b) an Early Retirement by you.

In addition, in connection with options hereafter issued to you to purchase shares of The News Corporation ordinary shares and/or limited voting shares under the News Corporation Limited Executive Share Option Plan or otherwise, the Board of Directors has determined that:

- (a) upon your retirement on an Early, Normal or Postponed Retirement Date, as defined in the News America Incorporated Qualified Plan and the News America Incorporated Supplemental Retirement Plan; or
- (b) upon your death or the termination of your employment as a result of disability;

all such options shall become fully vested and shall be exercisable during the full ten year-term of the grant.

Very truly yours,

/s/ David F. DeVoe





News Corporation

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November 17, 2008

Mr. John P. Nallen
News Corporation
1211 Avenue of the Americas
New York, NY 10036

Dear John:

The purpose of this letter is to advise you that the Compensation Committee of the Board of Directors of News Corporation determined on November 13, 2008 to provide clarifications and changes to the individual supplemental executive retirement arrangement previously granted to you ("ISERA") providing enhanced retirement benefits beyond those available under the News America Incorporated Supplemental Executive Retirement Plan ("SERP"). The codification of the changes to your ISERA is attached

The major change is that the maximum amount of your compensation that may be taken into account will hereafter increase annually based on a cost of living adjustment. Additionally, you may elect to receive your benefits, in lieu of a joint and survivor annuity, if married (or a single life annuity, if you are unmarried), in the form of a lump sum payout or in ten level annual installments; these alternatives are actuarially equivalent payments.

Sincerely,

/s/ David F. DeVoe



News Corporation

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John Nallen (the “Executive”) is entitled to receive benefits under the News America Incorporated Supplemental Executive Retirement Plan (the “SERP”), as well as an individual supplemental executive retirement arrangement that the Board of Directors of News America Incorporated previously awarded the Executive providing enhanced retirement benefits beyond those available under the SERP (the “ISERA”). The Compensation Committee of the Board of Directors of News Corporation has determined that the administrative rules for the ISERA along with additional benefits not provided in the SERP should also be further described in this document with regard to the calculation and administration of the Executive’s benefits under the ISERA. This codification of the ISERA has been made in accord with the prior administration of the ISERA and in accord with the prior calculation of the actuarial value of the benefits under the ISERA as disclosed in the Company’s proxy statement, and as supplemented by the additional benefit contained herein. Unless otherwise defined herein, all capitalized terms used in this document shall have the same meaning as in the SERP.

1. Article II, Section 2.7. – The first sentence of the definition of SERP Benefit is hereby amended to read as follows:

“SERP Benefit” shall mean the benefit payable under the Qualified Plan calculated, however, without giving effect to Code Section 401(a)(17), but in no event shall Compensation taken into account in calculating this benefit for any Plan Year exceed \$1,000,000; provided, that any offset of prior benefits pursuant to Section 4.4 of the Qualified Plan shall be calculated so that such offset shall not apply to a period of service during which the Participant was not eligible to participate in a stock bonus, pension or profit-sharing plan sponsored by an Affiliate which is qualified under Code Section 401 or maintained by a Non-U.S. Affiliate. The \$1,000,000 figure shall be increased annually from July 1, 2008 by the CPI Adjustment until such time as the Participant has a Separation from Service. In all events, the SERP Benefit shall be decreased by the Actuarial Equivalent of any benefits payable to the Participant pursuant to a qualified and a non-qualified plan maintained or contributed to by an Affiliate (including a Non-U.S. Affiliate (exclusive of benefits attributable to contributions or salary deferrals of the Participant)), but in all events such benefits payable shall not be taken into account to the extent benefits payable hereunder would be less than the amount payable taking into account only Years of Benefit Service with Participating Employers. Additionally, in a case where the SERP Benefit was reduced by reason of prior Qualified Plan or Plan Benefit distributions, benefits payable shall be offset by the Actuarial Equivalent of the prior distribution (unless such distributions were restored to such plans), but in no event shall the benefits payable hereunder be less than the amount payable taking into account only Years of Benefit Service since such distributions. Additionally, the annual benefit payable to the Participant shall be increased by the CPI Adjustment each January 1 after payments have commenced. Additionally, credit will be given for ten (10) Years of Benefit Service in the calculation of the SERP Benefit (in addition to credit for services actually rendered).

2. Article II – A new definition of CPI Adjustment is hereby added to read as follows:

“CPI Adjustment” shall mean the percentage increase in the prior calendar year’s cost of living adjustment based on the Revised Consumer Price Index for all Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor for New York, Northern New Jersey, Long Island or any equivalent successor index.

3. Article II – A new definition of Qualified Joint and Survivor Annuity is hereby added to read as follows:

“Qualified Joint and Survivor Annuity” or “QJSA” shall mean an annuity for the life of the Participant with a survivor annuity for the life of the spouse which is 100 percent of the amount of the annuity which is payable during the life of the Participant and the spouse. The Spouse shall be determined as of the date any annuity payments commence.

4. Article IV – A new Section 4.10 is hereby added to read as follows:

4.10 No Reduction for Certain Benefits. Notwithstanding the foregoing, (a) if the Participant elects a QJSA as the form of benefit under the Qualified Plan, the SERP Benefit shall be unreduced by the QJSA election; (b) if the Participant takes an Early Retirement Pension, the benefit received under this Plan shall not be subject to the reduction set forth in Section 7.2 of the Qualified Plan; and (c) if the Participant retires on his Postponed Retirement Date, the Participant’s monthly benefit under this Plan shall be equal to the calculation of the Participant’s monthly benefit pursuant to Section 7.5 of the Qualified Plan.

5. Article IV – A new Section 4.11 is hereby added to read as follows:

4.11 Continuing Welfare Benefits. Provided a Participant retires at an Early, Normal or Postponed Retirement Date, medical benefits shall be provided to the Participant during retirement and thereafter to the surviving spouse (as of the date of such retirement) on the same terms and conditions as apply to the highest paid group of executives of News America Incorporated as of the date on the ISERA letter given to the Participant or, if more beneficial to the Participant, as of the date of his retirement and shall include any improvements to such benefits as are provided to such executives. Life insurance shall be maintained for the Participant on the same basis and at not less than the level of coverage as was being provided to the Participant on his or her retirement date.

6. Article IV. – A new Section 4.12 is hereby added to read as follows:

4.12 Lump Sum and Ten-Year Payments. A Participant may elect pursuant to such rules as set by the Committee to receive benefits payable pursuant to this ISERA, in one lump sum or a series of annual installments payable over ten years which payment or payments is or are the Actuarial Equivalent of the benefits payable under this ISERA. In the absence of an effective election, payments shall be made in the form of an annuity. In calculating payments under this Section 4.12, the annual discount rate and mortality basis used in calculations shall be subject to change each year and will be the rate and basis used by News Corporation for financial reporting with respect to its United States defined benefit pension plans and shall apply for the succeeding fiscal year. The determination of future inflation expectations shall be made by News Corporation by considering various factors, including the differences in yields between United States Treasury instruments and United States Treasury Real Yields (so-called “TIPS”). Additionally, if a Participant has elected either a lump sum or ten-year installment payout on or before December 31, 2008, the assumptions described in the previous sentence shall be determined as of June 30 2008.



7. Article V, Section 5.1 – Wherever “NAI” appears in Section 5.1, “News Corporation” shall be substituted and a new sentence at the end of the Section is hereby added to read as follows:

News Corporation includes (i) any successor to any portion or all of the assets of News Corporation in any sale or exchange where less than full and adequate consideration was received by News Corporation for such assets and (ii) any corporation into which News Corporation is consolidated or merged or any similar transaction or any successor in interest whether directly or indirectly, to News Corporation.



June 3, 2013

Mr. John P. Nallen
1 Salem Lane
Westport, CT 06880



News Corporation

1211 AVENUE OF THE AMERICAS • NEW YORK, NY 10036 • 212-852-7000

Dear John:

Reference is made to the Employment Agreement (the "Agreement") date January 1, 2005 between News America Incorporated and you as amended on December 12, 2008 and September 1, 2009. Reference is further made to the letter to you from News Corporation dated January 1, 2005, providing enhanced retirement and welfare benefits in certain events (the "SERP and Welfare Benefit Letter"), as clarified and changed through a letter provided to you on November 17, 2008. Reference is also made to the letter to you from News Corporation dated August 4, 1999 which provided you with certain prior service credit for purposes of pension and other benefit determinations.

Considering the above agreements and letters, the purpose of this letter is to advise you that the supplemental executive retirement arrangement previously granted to you ("ISERA") providing enhanced retirement benefits beyond those available under the News America Incorporated Supplemental Executive Retirement Plan ("SERP"), has been amended as per the attached, effective as of June 3, 2013. We note that the principal change is to adjust the maximum amount of Compensation taken into account for calculating your benefits to \$1,500,000. The attached is effective as of June 3, 2013.

Sincerely,

/s/ David F. DeVoe

David F. DeVoe
Senior Executive Vice President and
Chief Financial Officer

A handwritten signature in black ink, appearing to read "D. DeVoe".



News Corporation

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John Nallen (the “Executive”) is entitled to receive benefits under the News America Incorporated Supplemental Executive Retirement Plan (the “SERP”), as well as an individual supplemental executive retirement arrangement that the Board of Directors of News America Incorporated previously awarded the Executive providing enhanced retirement benefits beyond those available under the SERP (the “ISERA”). The Compensation Committee of the Board of Directors of News Corporation has determined that the administrative rules for the ISERA along with additional benefits not provided in the SERP should also be further described in this document with regard to the calculation and administration of the Executive’s benefits under the ISERA. This codification of the ISERA has been made in accord with the prior administration of the ISERA and in accord with the prior calculation of the actuarial value of the benefits under the ISERA as disclosed in the Company’s proxy statement, and as supplemented by the additional benefit contained herein. Unless otherwise defined herein, all capitalized terms used in this document shall have the same meaning as in the SERP. This ISERA is a complete restatement of the ISERA previously granted to the Executive and represents the sole ISERA benefit payable to the Executive, effective as of June 3, 2013.

I. Article II, Section 2.7. – The first sentence of the definition of SERP Benefit is hereby amended to read as follows:

“SERP Benefit” shall mean the benefit payable under the Qualified Plan calculated, however, without giving effect to Code Section 401(a)(17), but in no event shall Compensation taken into account in calculating this benefit for any Plan Year exceed \$1,500,000; provided, that any offset of prior benefits pursuant to Section 4.4 of the Qualified Plan shall be calculated so that such offset shall not apply to a period of service during which the Participant was not eligible to participate in a stock bonus, pension or profit-sharing plan sponsored by an Affiliate which is qualified under Code Section 401 or maintained by a Non-U.S. Affiliate. The \$1,500,000 figure shall be increased annually from July 1, 2008 by the CPI Adjustment until such time as the Participant has a Separation from Service. In all events, the SERP Benefit shall be decreased by the Actuarial Equivalent of any benefits payable to the Participant pursuant to a qualified and a non-qualified plan maintained or contributed to by an Affiliate (including a Non-U.S. Affiliate (exclusive of benefits attributable to contributions or salary deferrals of the Participant)), but in all events such benefits payable shall not be taken into account to the extent benefits payable hereunder would be less than the amount payable taking into account only Years of Benefit Service with Participating Employers. If the SERP Benefit was subject to the determination provided under this Section 2.7 by using only Years of Benefit Service with Participating Employers, then the benefit under this Plan must be calculated as the excess, if any, of the SERP Benefit over the Actuarial Equivalent of any benefits payable to the Participant pursuant to a qualified and a non-qualified plan also based on only Years of Benefit Service with Participating Employers whether or not these were actually subject to such determination, provided that the benefit under this plan shall not be less than the SERP Benefit calculated using all Years of Benefit Service with the Company over the Actuarial Equivalent of any benefits payable to the Participant pursuant to a qualified and a non-qualified plan maintained or contributed to by the Company.

Additionally, in a case where the SERP Benefit was reduced by reason of prior Qualified Plan or Plan Benefit distributions, benefits payable shall be offset by the Actuarial Equivalent of the prior distribution (unless such distributions were restored to such plans), but in no event shall the benefits payable hereunder be less than the amount payable taking into account only Years of Benefit Service since such distributions.

Additionally, the annual benefit payable to the Participant shall be increased by the CPI Adjustment each January 1 after payments have commenced. Additionally, credit will be given for ten (10) Years of Benefit Service in the calculation of the SERP Benefit (in addition to credit for services actually rendered).

Additionally, there shall be added to the SERP, in the first sentence of Section 2.7 immediately preceding the first semi-colon therein, the following: "utilizing the same calendar years as were used in calculation of the Qualified Plan benefit,".

2. Article II – A new definition of CPI Adjustment is hereby added to read as follows:

"CPI Adjustment" shall mean the percentage increase in the prior calendar year's cost of living adjustment based on the Revised Consumer Price Index for all Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor for New York, Northern New Jersey, Long Island or any equivalent successor index, which in no event shall equal less than three percent compounded annually.

3. Article II – A new definition of Qualified Joint and Survivor Annuity is hereby added to read as follows:

"Qualified Joint and Survivor Annuity" or "QJSA" shall mean an annuity for the life of the Participant with a survivor annuity for the life of the spouse which is 100 percent of the amount of the annuity which is payable during the life of the Participant and the spouse. The Spouse shall be determined as of the date any annuity payments commence.

4. Article IV – Section 4.4 is hereby amended to read as follows:

4.4 Benefits Payable Upon Disability Treated as a Separation from Service. A Participant who has a Disability shall be treated as being eligible for a SERP Section 4.7 Benefit in an amount equal to the present value of the accrued benefits payable at the earliest commencement date under the Qualified Plan discounted only by interest factors, but in no event shall it be payable earlier than the later of (a) a Separation from Service or (b) the attainment of age 55.

5. Article IV – A new Section 4.10 is hereby added to read as follows:

4.10 No Reduction for Certain Benefits. Notwithstanding the foregoing, (a) if the Participant elects a QJSA as the form of benefit under the Qualified Plan, the SERP Benefit shall be unreduced by the QJSA election; (b) if the Participant takes an Early Retirement Pension, the benefit received under this Plan shall not be subject to the reduction set forth in Section 72 of the Qualified Plan; and (c) if the Participant retires on his Postponed Retirement Date, the Participant's monthly benefit under this Plan shall be equal to the calculation of the Participant's monthly benefit pursuant to Section 7.5 of the Qualified Plan.

6. Article IV. – A new Section 4.11 is hereby added to read as follows:

4.11 Continuing Welfare Benefits. Provided a Participant retires at an Early, Normal or Postponed Retirement Date, medical benefits shall be provided to the Participant during retirement and thereafter to the surviving spouse (as of the date of such retirement) on the same terms and conditions as apply to the highest paid group of executives of News America Incorporated as of the date on the ISERA letter given to the Participant or, if more beneficial to the Participant, as of the date of his retirement and shall include any improvements to such benefits as are provided to such



executives. Life insurance shall be maintained for the Participant on the same basis and at not less than the level of coverage as was being provided to the Participant on his or her retirement date.

7. Article IV. – A new Section 4.12 is hereby added to read as follows:

4.12 Lump Sum and Ten-Year Payments. A Participant may elect pursuant to such rules as set by the Committee to receive benefits payable pursuant to this ISERA, in one lump sum or a series of annual installments payable over ten years which payment or payments is or are the Actuarial Equivalent of the benefits payable under this ISERA. In the absence of an effective election, payments shall be made in the form of an annuity. In calculating payments under this Section 4.12, the annual discount rate and mortality basis used in calculations shall be subject to change each year and will be the rate and basis used by News Corporation for financial reporting with respect to its United States defined benefit pension plans and shall apply for the succeeding fiscal year. The determination of future inflation expectations shall be made by News Corporation by considering various factors, including the differences in yields between United States Treasury instruments and United States Treasury Real Yields (so-called "TIPS"). Additionally, if a Participant has elected either a lump sum or ten-year installment payout on or before December 31, 2008 (which election shall apply to all payments pursuant to this ISERA), the assumptions described in the previous sentence shall be determined as of June 30, 2008 and in no event shall be less than the amounts of the projections (in the aggregate from all plans) used with respect to such election.

In the event the Participant is to receive a lump sum payment or a series of installment payments (in the form previously elected hereunder), such payment or payments will be paid, in the event of the Participant's death prior to benefit commencement, to the beneficiary designated by the Participant pursuant to the ISERA Beneficiary Designation Form (attached hereto) or, in the absence of such a designation, to the Participant's spouse at the time of such death or, in the absence of such a designation or a spouse, to the Participant's estate; the amount payable upon Participant's death shall be the present value (discounted only by interest factors) of the accrued benefits payable at the earliest commencement date under the Qualified Plan assuming both the Participant and spouse were alive as of that date. No spousal consents will be required in connection with the beneficiary designations described herein, but in no event shall the lump sum payment or a series of installment payments equal to the value of the survivor annuity payable to the spouse of the deceased Participant be payable earlier than the Participant's age 55 (or upon the death of the surviving spouse, if earlier) if the spouse is alive on the date of the Participant's death. In clarification of the foregoing, an amount equal to the remaining death benefit attributable to the additional amount had the Participant been alive shall be payable immediately after the death of the Participant along with the payment of the value of the survivor annuity, if the spouse had died earlier.

8. Article V. Section 5.1 – Wherever "NAI" appears in Section 5.1, "News Corporation" shall be substituted and a new sentence at the end of the Section is hereby added to read as follows:

News Corporation includes (i) any successor to any portion or all of the assets of News Corporation in any sale or exchange where less than full and adequate consideration was received by News Corporation for such assets and (ii) any corporation into which News Corporation is consolidated or merged or any similar transaction or any successor in interest whether directly or indirectly, to News Corporation.



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

I, Lachlan K. Murdoch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fox Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
 - (c) 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, 2019

By: /s/ Lachlan K. Murdoch
Lachlan K. Murdoch
Chief Executive Officer

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

I, Steven Tomsic, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fox Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
 - (c) 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, 2019

By: /s/ Steven Tomsic
Steven Tomsic
Chief Financial Officer

**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 Fox Corporation on Form 10-Q for the fiscal quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned officers of Fox Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Fox Corporation.

May 10, 2019

By: /s/ Lachlan K. Murdoch
Lachlan K. Murdoch
Chief Executive Officer

By: /s/ Steven Tomsic
Steven Tomsic
Chief Financial Officer