UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended December 31, 2020**

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	**83-1825597**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
1211 Avenue of the Americas, New York, New York	**10036**
(Address of Principal Executive Offices)	**(Zip Code)**

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

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

Title of Each Class	Trading Symbols	Name of Each Exchange on Which Registered
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

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

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

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

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

As of February 5, 2021, 334,351,352 shares of Class A Common Stock, par value $0.01 per share, and 256,191,870 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 STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	For the three months ended December 31,		For the six months ended December 31,	
	2020	2019	2020	2019
Revenues	$ 4,087	$ 3,778	$ 6,804	$ 6,445
Operating expenses	(3,346)	(3,091)	(4,514)	(4,559)
Selling, general and administrative	(442)	(431)	(830)	(783)
Depreciation and amortization	(70)	(57)	(138)	(107)
Impairment and restructuring charges	-	-	(35)	(9)
Interest expense	(99)	(90)	(198)	(180)
Interest income	2	8	3	25
Other, net	172	302	691	287
Income before income tax expense	304	419	1,783	1,119
Income tax expense	(74)	(105)	(436)	(292)
Net income	230	314	1,347	827
Less: Net income attributable to noncontrolling interests	(6)	(14)	(17)	(28)
Net income attributable to Fox Corporation stockholders	$ 224	$ 300	$ 1,330	$ 799
EARNINGS PER SHARE DATA				
Weighted average shares				
Basic	595	617	599	619
Diluted	598	620	601	622
Net income attributable to Fox Corporation stockholders per share				
Basic	$ 0.38	$ 0.49	$ 2.22	$ 1.29
Diluted	$ 0.37	$ 0.48	$ 2.21	$ 1.28

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

FOX CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN MILLIONS)

	For the three months ended December 31,		For the six months ended December 31,	
	2020	2019	2020	2019
Net income	$ 230	$ 314	$ 1,347	$ 827
Other comprehensive income, net of tax				
Benefit plan adjustments	7	8	16	12
Other comprehensive income, net of tax	7	8	16	12
Comprehensive income	237	322	1,363	839
Less: Net income attributable to noncontrolling interests[a]	(6)	(14)	(17)	(28)
Comprehensive income attributable to Fox Corporation stockholders	$ 231	$ 308	$ 1,346	$ 811

[a] Net income attributable to noncontrolling interests includes $4 million and $3 million for the three months ended December 31, 2020 and 2019, respectively, and $8 million and $12 million for the six months ended December 31, 2020 and 2019, respectively, relating to redeemable noncontrolling interests.

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

FOX CORPORATION

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

	As of December 31, 2020 (unaudited)	As of June 30, 2020 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,502	$ 4,645
Receivables, net	2,776	1,888
Inventories, net	1,020	856
Other	142	97
Total current assets	8,440	7,486
Non-current assets		
Property, plant and equipment, net	1,606	1,498
Intangible assets, net	3,170	3,198
Goodwill	3,408	3,409
Deferred tax assets	3,963	4,358
Other non-current assets	2,167	1,801
Total assets	$ 22,754	$ 21,750
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	$ 2,213	$ 1,906
Non-current liabilities		
Borrowings	7,949	7,946
Other liabilities	1,469	1,482
Redeemable noncontrolling interests	202	305
Commitments and contingencies		
Equity		
Class A common stock(a)	3	3
Class B common stock(b)	3	3
Additional paid-in capital	9,655	9,831
Retained earnings	1,657	674
Accumulated other comprehensive loss	(401)	(417)
Total Fox Corporation stockholders' equity	10,917	10,094
Noncontrolling interests	4	17
Total equity	10,921	10,111
Total liabilities and equity	$ 22,754	$ 21,750

(a) **Class A common stock**, $0.01 par value per share, 2,000,000,000 shares authorized, 335,027,260 shares and 343,608,673 shares issued and outstanding at par as of December 31, 2020 and June 30, 2020, respectively.

(b) **Class B common stock**, $0.01 par value per share, 1,000,000,000 shares authorized, 256,502,472 shares and 261,078,355 shares issued and outstanding at par as of December 31, 2020 and June 30, 2020, respectively.

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

FOX CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	For the six months ended December 31,	
	2020	2019
OPERATING ACTIVITIES		
Net income	$ 1,347	$ 827
Adjustments to reconcile net income to cash provided by (used in) operating activities		
Depreciation and amortization	138	107
Amortization of cable distribution investments	11	14
Impairment and restructuring charges	35	9
Equity-based compensation	75	65
Other, net	(691)	(287)
Deferred income taxes	421	246
Change in operating assets and liabilities, net of acquisitions and dispositions		
Receivables and other assets	(1,011)	(703)
Inventories net of program rights payable	(60)	(354)
Accounts payable and accrued expenses	156	(130)
Other changes, net	(184)	(50)
Net cash provided by (used in) operating activities	237	(256)
INVESTING ACTIVITIES		
Property, plant and equipment	(242)	(110)
Acquisitions, net of cash acquired	-	(260)
Purchase of investments	(86)	-
Other investing activities, net	(1)	21
Net cash used in investing activities	(329)	(349)
FINANCING ACTIVITIES		
Repurchase of shares	(416)	(421)
Non-operating cash flows from (to) The Walt Disney Company	116	(45)
Settlement of Divestiture Tax prepayment	462	-
Dividends paid and distributions	(176)	(169)
Other financing activities, net	(37)	(3)
Net cash used in financing activities	(51)	(638)
Net decrease in cash and cash equivalents	(143)	(1,243)
Cash and cash equivalents, beginning of year	4,645	3,234
Cash and cash equivalents, end of period	$ 4,502	$ 1,991

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

FOX CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF EQUITY
(IN MILLIONS)

	Class A Common Stock		Class B Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Total Fox Corporation Stockholders'	Noncontrolling	Total
	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Equity	Interests[(a)]	Equity
Balance, September 30, 2020	338	$ 3	258	$ 3	$ 9,668	$ 1,525	$ (408)	$ 10,791	$ 15	$ 10,806
Net income	-	-	-	-	-	224	-	224	2	226
Other comprehensive income	-	-	-	-	-	-	7	7	-	7
Shares repurchased	(4)	-	(1)	-	(86)	(63)	-	(149)	-	(149)
Other	1	-	-	-	73	(29)	-	44	(13)	31
Balance, December 31, 2020	335	$ 3	257	$ 3	$ 9,655	$ 1,657	$ (401)	$ 10,917	$ 4	$ 10,921
Balance, September 30, 2019	354	$ 4	266	$ 3	$ 9,921	$ 696	$ (304)	$ 10,320	$ 10	$ 10,330
Net income	-	-	-	-	-	300	-	300	11	311
Other comprehensive income	-	-	-	-	-	-	8	8	-	8
Shares repurchased	(8)	(1)	(2)	-	(194)	(232)	-	(427)	-	(427)
Other	1	-	-	-	122	11	-	133	(2)	131
Balance, December 31, 2019	347	$ 3	264	$ 3	$ 9,849	$ 775	$ (296)	$ 10,334	$ 19	$ 10,353
Balance, June 30, 2020	344	$ 3	261	$ 3	$ 9,831	$ 674	$ (417)	$ 10,094	$ 17	$ 10,111
Net income	-	-	-	-	-	1,330	-	1,330	9	1,339
Other comprehensive income	-	-	-	-	-	-	16	16	-	16
Dividends	-	-	-	-	-	(138)	-	(138)	-	(138)
Shares repurchased	(11)	-	(4)	-	(247)	(172)	-	(419)	-	(419)
Other	2	-	-	-	71	(37)	-	34	(22)	12
Balance, December 31, 2020	335	$ 3	257	$ 3	$ 9,655	$ 1,657	$ (401)	$ 10,917	$ 4	$ 10,921
Balance, June 30, 2019	354	$ 4	266	$ 3	$ 9,891	$ 357	$ (308)	$ 9,947	$ 11	$ 9,958
Net income	-	-	-	-	-	799	-	799	16	815
Other comprehensive income	-	-	-	-	-	-	12	12	-	12
Dividends	-	-	-	-	-	(143)	-	(143)	-	(143)
Shares repurchased	(8)	(1)	(2)	-	(194)	(232)	-	(427)	-	(427)
Other	1	-	-	-	152	(6)	-	146	(8)	138
Balance, December 31, 2019	347	$ 3	264	$ 3	$ 9,849	$ 775	$ (296)	$ 10,334	$ 19	$ 10,353

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

The accompanying notes are an integral part of these Unaudited Consolidated 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 accompanying Unaudited Consolidated 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 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, 2021, due to, among other things, the impact of coronavirus disease 2019 ("COVID-19") on the Company's business.

The preparation of the Company's Unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the Unaudited Consolidated 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 outbreak of the COVID-19 pandemic has resulted in widespread and continuing negative impacts on the macroeconomic environment and disruption to the Company's business. Weak economic conditions and increased volatility and disruption in the financial markets pose risks to the Company and its business partners, including advertisers whose expenditures tend to reflect overall economic conditions. The COVID-19 pandemic has caused some of the Company's advertisers to reduce their spending, and future declines in the economic prospects of advertisers or the economy in general could negatively impact their advertising expenditures further. Depending on the duration and severity of the recession, it could lead to changes in consumer behavior, including increasing numbers of consumers canceling or foregoing subscriptions to multi-channel video programming distributor ("MVPD") services, that adversely affect the Company's affiliate fee and advertising revenues. In addition, the Company's business depends on the volume and popularity of the content it distributes, particularly sports content. Following the COVID-19 outbreak, sports events to which the Company has broadcast rights were cancelled or postponed and the production of certain entertainment content the Company distributes was suspended. In particular, the college football 2020 season was impacted by COVID-19, and as a result had an abridged schedule that included games that were shifted from the first quarter to the second quarter of fiscal 2021, but had fewer live games overall due to cancellations. There may be additional content disruptions in the future, and depending on their duration and severity, these disruptions could materially adversely affect the Company's future advertising revenues and, over a longer period, its future affiliate fee revenues. To the extent the pandemic further negatively impacts the Company's ability to air sports events, it could result in a significantly greater adverse effect on the Company's business, financial condition or results of operations than the Company has experienced thus far. In addition, shifting sports schedules may negatively impact the Company's ability to attract viewers and advertisers to its sports and entertainment programming.

The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company and the best estimates of the future impacts of COVID-19 as of December 31, 2020. The accounting matters assessed included, but were not limited to, the Company's valuation allowances, programming rights and the carrying value of the goodwill and other long-lived assets. While there was not an impact to the Company's consolidated financial statements as of December 31, 2020, the Company's future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to the Company's consolidated financial statements in future reporting periods.

These interim Unaudited Consolidated Financial Statements and notes thereto should be read in conjunction with the audited consolidated and combined financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2020 as filed with the Securities and Exchange Commission on August 10, 2020 (the "2020 Form 10-K").

The Unaudited Consolidated Financial Statements include the accounts of FOX. All significant intercompany transactions and accounts within the Company's consolidated businesses have been eliminated. Investments in and advances to entities or joint ventures in which the Company has significant influence, but less than a controlling financial interest, are accounted for using the equity method. Significant influence generally exists when the Company owns an interest between 20% and 50%. In accordance with Accounting Standards Codification ("ASC") 321 "Investments—Equity Securities" ("ASC 321"), equity securities in which the Company has no significant influence (generally less than a 20% ownership interest) with readily determinable fair values are accounted for at fair value based on quoted market prices. Equity securities without readily determinable fair values are accounted for either at fair value or using the measurement alternative method, which is 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. All gains and losses on investments in equity securities are recognized in the Unaudited Consolidated Statements of Operations.

Pursuant to the merger agreement relating to the merger of Twenty-First Century Fox, Inc. ("21CF") and The Walt Disney Company ("Disney"), the Company made a prepayment of approximately $700 million which represented the Company's share of the estimated tax liabilities resulting from the anticipated divestitures by Disney of certain assets (the "Divestiture Tax"), principally the FOX Sports Regional Sports Networks ("RSNs"). As of September 30, 2020, Disney had sold the RSNs, the Company and Disney reached an agreement to settle the majority of the prepaid Divestiture Tax and the Company received $462 million from Disney as reimbursement of the Company's prepayment based upon the sales price of the RSNs. This reimbursement was recorded in Other, net in the Statement of Operations (See Note 11—Additional Financial Information under the heading "Other, net"). The balance of the prepaid Divestiture Tax is subject to adjustment in the future, but any such adjustment is not expected to have a material impact on the results of the Company.

The Company's fiscal year ends on June 30 of each year. Certain fiscal 2020 amounts have been reclassified to conform to the fiscal 2021 presentation.

The unaudited and audited consolidated financial statements are referred to as the "Financial Statements" herein. The unaudited consolidated statements of operations are referred to as the "Statements of Operations" herein. The unaudited and audited consolidated balance sheets are referred to as the "Balance Sheets" herein.

Recently Adopted and Recently Issued Accounting Guidance

Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), as amended. On July 1, 2020, the Company adopted ASU 2016-13 on a modified retrospective basis. The amendments in ASU 2016-13 require, among other things, financial assets measured at amortized cost basis to be presented at the net amount expected to be collected as compared to previous GAAP which delayed recognition until it was probable a loss had been incurred. The adoption of ASU 2016-13 did not have a material impact on the Company's Financial Statements.

In August 2018, the FASB issued ASU 2018-15, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" ("ASU 2018-15"). On July 1, 2020, the Company adopted ASU 2018-15 on a prospective basis. The amendments in ASU 2018-15 require implementation costs incurred in a hosting arrangement that is a service contract to be capitalized using the same guidance for capitalizing implementation costs incurred to develop or obtain internal-use software. In addition, ASU 2018-15 provides guidance regarding the term over which capitalized implementation costs are to be amortized and requires specific financial statement presentation and disclosures. The adoption of ASU 2018-15 did not have a material impact on the Company's Financial Statements.

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"). On July 1, 2020, the Company adopted ASU 2019-02 on a prospective basis and reclassified entertainment programming rights, with a contract duration of longer than a year, that were previously classified as the current portion of inventories, net to non-current inventories, net on the Balance Sheet. The amendments in ASU 2019-02 align the accounting treatment for production costs of episodic television series with the accounting treatment for production costs of films. In addition, ASU 2019-02 modifies certain aspects of the amortization, impairment, presentation and disclosure requirements in ASC 926-20 and the impairment, presentation and disclosure requirements in ASC 920-350, including eliminating the balance sheet classification guidance. The adoption of ASU 2019-02 did not have a significant impact on the Company's Financial Statements (See Note 3—Inventories, net for additional information).

NOTE 2. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

The Company's acquisitions support the Company's strategy to strengthen its core brands and leverage its sports broadcasting rights and expand their reach beyond their traditional linear businesses. For certain acquisitions in Note 3—Acquisitions, Disposals and Other Transactions in the 2020 Form 10-K under the heading "Acquisitions and Disposals," the accounting for each business combination, including consideration transferred, is based on provisional amounts and the allocation of the consideration transferred is not final. The amounts allocated to intangibles and goodwill, the estimates of useful lives and the related amortization expense are subject to changes pending the completion of the final valuations of certain assets and liabilities. A change in the allocation of consideration transferred and any estimates of useful lives could result in a change in the value allocated to the intangible assets that could impact future amortization expense.

Fiscal 2020

See Note 3—Acquisitions, Disposals and Other Transactions in the 2020 Form 10-K under the heading "Acquisitions and Disposals." The accounting for the transactions described under the headings "Tubi Acquisition" and "Television Stations Acquisition and Divestiture," completed in fiscal 2020 continue to be based on provisional amounts and the allocation of the consideration transferred is not final.

Credible Acquisition

In October 2019, the Company acquired 67% of the equity in Credible Labs Inc. ("Credible"), a U.S. consumer finance marketplace, for approximately $260 million in cash (the "Credible Acquisition"), net of cash acquired. The remaining 33% of Credible not owned by the Company was recorded at fair value on the acquisition date based on the Company's valuation of Credible's business using a market approach (a Level 3 measurement as defined in Note 4—Fair Value). The consideration transferred of approximately $260 million has been allocated, based on a final valuation of 100% of Credible, as follows: approximately $75 million to intangible assets with useful lives ranging from five to 10 years; approximately $285 million representing goodwill; approximately $(110) million to redeemable noncontrolling interests and the remainder to other net assets. The estimated goodwill, which is not tax deductible, reflects the increased market penetration and synergies expected from combining the operations of Credible and the Company. The Company finalized its purchase price accounting for the Credible Acquisition without any material adjustments recognized during the second quarter of fiscal 2021.

NOTE 3. INVENTORIES, NET

In accordance with ASC 920, "Entertainment—Broadcasters" ("ASC 920"), costs incurred in acquiring program rights or producing programs for the Cable Network Programming and Television segments, including advances, are capitalized and amortized over the license period or projected useful life of the programming. Program rights and the related liabilities are recorded at the gross amount of the liabilities when the license period has begun, the cost of the program is determinable and the program is accepted and available for airing. Effective for the Company beginning on July 1, 2020, ASC 920 permits program rights to be recorded in non-current inventories, net rather than segregated between current and non-current inventories, net. As a result, the Company reclassified entertainment programming rights, with a contract duration of longer than a year, that were previously classified as the current portion of inventories, net to non-current inventories, net on the Balance Sheet. Advances on sports events expected to be broadcast within one year and programs with an initial license period of one year or less continue to be recorded in the current portion of inventories, net. Television broadcast network entertainment programming, which includes acquired series, co-produced series, movies and other programs, are amortized primarily on an accelerated basis.

The Company has single and multi-year contracts for broadcast rights of programs and sports events. The Company evaluates the recoverability of the unamortized costs associated therewith, 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. The recoverability of entertainment programming is generally assessed on a contract basis and the recoverability of certain sports rights contracts for content broadcast on the FOX Network and the sports channels is assessed on an aggregate basis. Where an evaluation indicates that these multi-year contracts will result in an asset that is not recoverable, amortization of rights is accelerated in an amount equal to the amount by which the unamortized costs exceed fair value. The costs of multi-year sports contracts at the FOX Network and the sports channels are primarily amortized based on the ratio of each current period's attributable revenue for each contract to the estimated total remaining attributable revenue for each contract. Estimates can change and, accordingly, are reviewed periodically and amortization is adjusted as necessary. Such changes in the future could be material.

The Company's inventories were comprised of the following:

	As of December 31, 2020	As of June 30, 2020
	(in millions)	
Sports programming rights	$ 869	$ 674
Entertainment programming rights	383	384
Total inventories, net	1,252	1,058
Less: current portion of inventories, net	(1,020)	(856)
Total non-current inventories, net	$ 232	$ 202

The aggregate amortization expense related to the programming rights was approximately $2.8 billion and $2.5 billion for the three months ended December 31, 2020 and 2019, respectively, and approximately $3.5 billion and $3.3 billion for the six months ended December 31, 2020 and 2019, respectively, which is included in Operating expenses in the Statements of Operations.

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:

	Fair value measurements			
	As of December 31, 2020			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Assets				
Investments in equity securities	$ 894	$ 894 (a)	$ -	$ -
Liabilities				
Other	(4)	-	-	(4) (b)
Redeemable noncontrolling interests	(202)	-	-	(202) (b)
Total	$ 688	$ 894	$ -	$ (206)

	Fair value measurements			
	As of June 30, 2020			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Assets				
Investments in equity securities	$ 531	$ 531 (a)	$ -	$ -
Liabilities				
Other	(6)	-	-	(6) (b)
Redeemable noncontrolling interests	(305)	-	-	(305) (b)
Total	$ 220	$ 531	$ -	$ (311)

(a) The investment categorized as Level 1 represents an investment in equity securities of Flutter Entertainment plc ("Flutter") with a readily determinable fair value (See Note 3—Acquisitions, Disposals and Other Transactions in the 2020 Form 10-K under the heading "Flutter" for further discussion). In December 2020, the Company made an additional investment of approximately $55 million in Flutter.

(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," because their exercise is outside the control of the Company. The redeemable noncontrolling interests recorded are put rights held by minority shareholders in a majority-owned sports network and in Credible.

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

	For the three months ended December 31,		For the six months ended December 31,	
	2020	2019	2020	2019
	(in millions)			
Beginning of period	$ (310)	$ (207)	$ (305)	$ (189)
Acquisitions(a)	-	(109)	-	(109)
Net income	(4)	(3)	(8)	(12)
Redemption of noncontrolling interests(b)	135	-	135	-
Distributions	5	5	11	13
Accretion and other(c)	(28)	98	(35)	81
End of period	$ (202)	$ (216)	$ (202)	$ (216)

(a) See Note 2—Acquisitions, Disposals and Other Transactions under the heading "Credible Acquisition."

(b) As a result of the exercise of a portion of the put rights held by the sports network minority shareholder during the three months ended December 31, 2020, approximately $135 million was reclassified out of Redeemable noncontrolling interests. The Company will pay half of the purchase price in cash at closing and deliver a three-year promissory note for the balance. The Company recorded $67 million in Current liabilities and the remaining balance in Non-current liabilities in the Balance Sheet.

(c) As a result of the expiration of a portion of the put rights held by the sports network minority shareholder during the three months ended December 31, 2019, approximately $120 million was reclassified into equity.

The final put right held by the sports network minority shareholder will become exercisable in July 2021. The put right held by the Credible minority shareholder will become exercisable in fiscal 2025.

Financial Instruments

The carrying value of the Company's financial instruments, such as cash and cash equivalents, receivables, payables and investments, accounted for using the measurement alternative method in accordance with ASC 321, approximates fair value.

	As of December 31, 2020	As of June 30, 2020
	(in millions)	
Borrowings		
Fair value	$ 9,905	$ 9,746
Carrying value	$ 7,949	$ 7,946

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.

The Company's receivables did not represent significant concentrations of credit risk as of December 31, 2020 or June 30, 2020. Generally, the Company does not require collateral to secure receivables. As of December 31, 2020 and June 30, 2020, the Company had no individual customers that accounted for 10% or more of the Company's receivables.

NOTE 5. BORROWINGS

Senior Notes Issued

Borrowings include senior notes (See Note 9—Borrowings in the 2020 Form 10-K under the heading "Public Debt – Senior Notes Issued"). In addition, the Company is party to a credit agreement providing 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 (See Note 9—Borrowings in the 2020 Form 10-K under the heading "Revolving Credit Agreement"). As of December 31, 2020, there were no borrowings outstanding under the revolving credit agreement.

NOTE 6. STOCKHOLDERS' EQUITY

Stock Repurchase Program

In fiscal 2020, the Company's Board of Directors (the "Board") authorized a stock repurchase program providing for the repurchase of $2 billion 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"). The program has no time limit and may be modified, suspended or discontinued at any time. In August 2020, the Company entered into two accelerated share repurchase ("ASR") agreements to repurchase $154 million of Class A Common Stock and $66 million of Class B Common Stock.

In accordance with the ASR agreements, in August 2020, the Company paid a third-party financial institution $154 million and $66 million and received initial deliveries of approximately 4.7 million and 2.0 million shares of Class A Common Stock and Class B Common Stock, respectively, representing 80% of the shares expected to be repurchased under each ASR agreement, at a price of $26.00 and $26.01 per share, which was The Nasdaq Global Select Market closing share price of the Class A Common Stock and Class B Common Stock, respectively, on August 21, 2020. Upon settlement of the ASR agreements in September 2020, the Company received final deliveries of approximately 0.9 million and 0.4 million shares of Class A Common Stock and Class B Common Stock, respectively. The final number of shares purchased under the ASR agreements was determined using a price of $27.57 and $27.67 per share (the volume-weighted average market price of the Class A Common Stock and Class B Common Stock, respectively, during the terms of the ASR agreements less a discount applicable for the Class A Common Stock). The Company accounted for each

ASR agreement as two separate transactions. The initial deliveries of Class A Common Stock and Class B Common Stock were accounted for as treasury stock transactions recorded on the acquisition date. The final settlements of Class A Common Stock and Class B Common Stock were accounted for as forward contracts indexed to the Class A Common Stock or Class B Common Stock, as applicable, and qualified as equity transactions.

In addition to the shares purchased under the ASR agreements, the Company repurchased shares of Class A Common Stock and Class B Common Stock in the open market. In total, the Company repurchased approximately 15 million shares of Common Stock for $419 million during the six months ended December 31, 2020.

Repurchased shares are retired and reduce the number of shares issued and outstanding. The Company allocates the amount of the repurchase price over par value between additional paid-in capital and retained earnings.

As of December 31, 2020, the Company's remaining stock repurchase authorization was approximately $980 million. Subsequent to December 31, 2020, the Company repurchased a total of approximately 1 million shares of Common Stock for $31 million in the open market.

Dividends

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

	For the three months ended December 31,		For the six months ended December 31,	
	2020	2019	2020	2019
Cash dividend per share	$ -	$ -	$ 0.23	$ 0.23

Subsequent to December 31, 2020, 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 April 7, 2021 with a record date for determining dividend entitlements of March 10, 2021.

NOTE 7. EQUITY-BASED COMPENSATION

The Company has one equity plan, the Fox Corporation 2019 Shareholder Alignment Plan (the "SAP") (See Note 12—Equity-Based Compensation in the 2020 Form 10-K).

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

	For the three months ended December 31,		For the six months ended December 31,	
	2020	2019	2020	2019
	(in millions)			
Equity-based compensation	$ 44	$ 42	$ 75	$ 74
Intrinsic value of all settled equity-based awards	$ 10	$ 3	$ 91	$ 6
Tax benefit on settled equity-based awards	$ 2	$ 1	$ 16	$ 1

The Company's stock based awards are settled in Class A Common Stock. As of December 31, 2020, the Company's total estimated compensation cost, not yet recognized, related to non-vested equity awards held by the Company's employees was approximately $145 million and is expected to be recognized over a weighted average period between one and two years.

As of December 31, 2020 and 2019, the Company had approximately 7 million stock options outstanding. For the three and six months ended December 31, 2020 and 2019, the computation of diluted earnings per share did not include most of the stock options outstanding during these periods, because their inclusion would have been antidilutive.

Awards Granted and Vested

Restricted Stock Units

During the six months ended December 31, 2020, approximately 2.0 million restricted stock units (“RSUs”) were granted, which generally vest in equal annual installments over a three-year period subject to the participants’ continued employment with the Company, and 3.5 million RSUs vested.

During the six months ended December 31, 2019, approximately 1.1 million RSUs were granted, which vest in equal annual installments over a three-year period subject to the participants’ continued employment with the Company.

Stock Options

During the six months ended December 31, 2019, approximately 3.8 million stock options were granted, which generally have a term of seven years and vest in equal annual installments over a three-year period subject to the participants’ continued employment with the Company.

Performance-Based Stock Options

Performance-based stock options (“PSOs”) 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, contingent on the performance of the Class A Common Stock over a three-year 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 may establish. The PSOs granted under the SAP will vest in full only if the Company’s Class A Common Stock exceeds the exercise price of the PSO by a certain threshold over a certain period of time during the performance period (the “market condition”). The PSOs were fair valued using a Monte Carlo simulation model that uses the following assumptions: (i) expected volatility; (ii) expected term; (iii) risk-free interest rate; and (iv) expected dividend yield. Compensation cost related to the PSO will be recognized even if the market condition is not met.

During the six months ended December 31, 2020, the Company granted approximately 5.0 million PSOs, which will vest in full at the end of a three-year performance period if the market condition is met and have a term of seven years thereafter.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements (“firm commitments”) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt payments as of December 31, 2020 and June 30, 2020 were approximately $34 billion and $37 billion, respectively. The decrease from June 30, 2020 was primarily due to sports programming rights payments.

Contingencies

FOX News

The Company’s FOX News business and certain of its current and former employees have been subject to allegations of sexual harassment and discrimination on the basis of sex and race. 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 material, individually or in the aggregate, to the Company. The amount of additional 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 business, financial condition, results of operations or cash flows.

U.K. Newspaper Matters Indemnity

In connection with the separation of 21CF and News Corporation in June 2013 (the “21CF News Corporation Separation”), 21CF agreed to indemnify News Corporation, on an after-tax basis, for payments made after the 21CF News Corporation 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 before the 21CF News Corporation Separation, 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 (as defined in Note 1—Description of Business and Basis of Presentation in the 2020 Form 10-K under the heading “The Distribution”), the Company assumed certain costs and liabilities related to the U.K. Newspaper Matters Indemnity. The liability recorded in the Balance Sheets related to the indemnity was approximately $55 million and $65 million as of December 31, 2020 and June 30, 2020, respectively.

Other

The Company establishes an accrued liability for legal claims and indemnification 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 financial condition, future results of operations or liquidity. Each member of the 21CF consolidated group, which includes 21CF, the Company (prior to the Distribution (as defined in Note 1—Description of Business and Basis of Presentation in the 2020 Form 10-K under the heading “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 9. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company participates in and/or sponsors various pension, savings and postretirement benefit plans. Pension plans and postretirement benefit plans are closed to new participants with the exception of a small group covered by collective bargaining agreements.

The net periodic benefit cost was $17 million and $13 million for the three months ended December 31, 2020 and 2019, respectively, and $34 million and $27 million for the six months ended December 31, 2020 and 2019, respectively.

NOTE 10. 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 traditional cable television systems, direct broadcast satellite operators and telecommunication companies ("traditional MVPDs") and online multi-channel video programming distributors ("digital 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 29 full power broadcast television stations, including 11 duopolies, in the U.S. Of these stations, 18 are affiliated with the FOX Network, 10 are affiliated with MyNetworkTV and one is an independent station. The Television segment also includes Tubi, Inc., a free advertising-supported video-on-demand ("AVOD") service.
- **Other, Corporate and Eliminations**, which principally consists of the FOX Studio Lot, Credible, corporate overhead costs and intracompany eliminations. The FOX Studio 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. Credible is a U.S. consumer finance marketplace.

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.

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. 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.

The following tables set forth the Company's Revenues and Segment EBITDA for the three and six months ended December 31, 2020 and 2019:

	For the three months ended December 31,		For the six months ended December 31,	
	2020	2019	2020	2019
	(in millions)			
Revenues				
Cable Network Programming	$ 1,488	$ 1,469	$ 2,813	$ 2,754
Television	2,556	2,266	3,906	3,622
Other, Corporate and Eliminations	43	43	85	69
Total revenues	$ 4,087	$ 3,778	$ 6,804	$ 6,445
Segment EBITDA				
Cable Network Programming	$ 571	$ 556	$ 1,352	$ 1,240
Television	(185)	(214)	272	37
Other, Corporate and Eliminations	(81)	(81)	(153)	(160)
Amortization of cable distribution investments	(6)	(5)	(11)	(14)
Depreciation and amortization	(70)	(57)	(138)	(107)
Impairment and restructuring charges	-	-	(35)	(9)
Interest expense	(99)	(90)	(198)	(180)
Interest income	2	8	3	25
Other, net	172	302	691	287
Income before income tax expense	304	419	1,783	1,119
Income tax expense	(74)	(105)	(436)	(292)
Net income	230	314	1,347	827
Less: Net income attributable to noncontrolling interests	(6)	(14)	(17)	(28)
Net income attributable to Fox Corporation stockholders	$ 224	$ 300	$ 1,330	$ 799

Revenues by Segment by Component

	For the three months ended December 31,		For the six months ended December 31,	
	2020	2019	2020	2019
	(in millions)			
Cable Network Programming				
Affiliate fee	$ 928	$ 957	$ 1,901	$ 1,896
Advertising	441	337	740	591
Other	119	175	172	267
Total Cable Network Programming revenues	1,488	1,469	2,813	2,754
Television				
Advertising	1,841	1,673	2,511	2,460
Affiliate fee	590	479	1,150	934
Other	125	114	245	228
Total Television revenues	2,556	2,266	3,906	3,622
Other, Corporate and Eliminations	43	43	85	69
Total revenues	$ 4,087	$ 3,778	$ 6,804	$ 6,445

Future Performance Obligations

As of December 31, 2020, approximately $5.4 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 affiliate contracts, sports advertising contracts and content licensing 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 December 31, 2020	For the three months ended December 31, 2019	For the six months ended December 31, 2020	For the six months ended December 31, 2019
	(in millions)			
Depreciation and amortization				
Cable Network Programming	$ 12	$ 16	$ 25	$ 29
Television	26	14	51	29
Other, Corporate and Eliminations	32	27	62	49
Total depreciation and amortization	$ 70	$ 57	$ 138	$ 107

	As of December 31, 2020	As of June 30, 2020
	(in millions)	
Assets		
Cable Network Programming	$ 2,681	$ 2,591
Television	8,140	7,054
Other, Corporate and Eliminations	10,927	11,487
Investments	1,006	618
Total assets	$ 22,754	$ 21,750

NOTE 11. ADDITIONAL FINANCIAL INFORMATION

Impairment and Restructuring Charges

Impairment and restructuring charges were $35 million and $9 million for the six months ended December 31, 2020 and 2019, respectively, which were primarily comprised of severance costs principally at the Cable Network Programming segment.

Other, net

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

	For the three months ended December 31, 2020	For the three months ended December 31, 2019	For the six months ended December 31, 2020	For the six months ended December 31, 2019
	(in millions)			
Transaction costs[a]	$ (18)	$ 2	$ 433	$ (43)
Net gains on investments in equity securities[b]	220	333	341	382
U.K. Newspaper Matters Indemnity[c]	(15)	(31)	(28)	(44)
Other	(15)	(2)	(55)	(8)
Total other, net	$ 172	$ 302	$ 691	$ 287

(a) The transaction costs for the six months ended December 31, 2020 are primarily related to the partial settlement from Disney of $462 million related to the reimbursement of the Company's prepayment of its share of the Divestiture Tax (See Note 1—Description of Business and Basis of Presentation). The transaction costs for the six months ended December 31, 2019 are primarily related to costs associated with the profits participants litigation (See Note 14—Commitments and Contingencies in the 2020 Form 10-K under the heading "Profits Participants Litigation") and the Separation and the Distribution (See Note 1—Description of Business and Basis of Presentation in the 2020 Form 10-K under the heading "The Distribution") and included retention related costs.

(b) Net gains on investments in equity securities for the three and six months ended December 31, 2020 included the gain related to the change in fair value of the Company's investment in Flutter (See Note 4—Fair Value) and for the three and six months ended December 31, 2019 included the gains related to the changes in fair value of the Company's investments in Roku, Inc. and The Stars Group Inc. (See Note 6—Fair Value in the 2020 Form 10-K).

(c) See Note 8—Commitments and Contingencies under the heading "U.K. Newspaper Matters Indemnity."

Other Non-Current Assets

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

	As of December 31, 2020	As of June 30, 2020
	(in millions)	
Investments[a]	$ 1,006	$ 618
Operating lease ROU assets	474	539
Grantor Trust	279	247
Inventories, net	232	202
Other	176	195
Total other non-current assets	$ 2,167	$ 1,801

(a) Included investments accounted for at fair value on a recurring basis of $894 million and $531 million as of December 31, 2020 and June 30, 2020, respectively (See Note 4—Fair Value).

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 Balance Sheets:

	As of December 31, 2020	As of June 30, 2020
	(in millions)	
Accrued expenses	$ 1,010	$ 907
Program rights payable	650	485
Deferred revenue	276	152
Operating lease liabilities	92	122
Other current liabilities	185	240
Total accounts payable, accrued expenses and other current liabilities	$ 2,213	$ 1,906

Other Liabilities

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

	As of December 31, 2020	As of June 30, 2020
	(in millions)	
Accrued non-current pension/postretirement liabilities	$ 704	$ 709
Non-current operating lease liabilities	413	452
Other non-current liabilities	352	321
Total other liabilities	$ 1,469	$ 1,482

Supplemental Information

	For the six months ended December 31, 2020	2019
	(in millions)	
Supplemental cash flows information		
Cash paid for interest	$ (206)	$ (191)
Cash paid for income taxes	$ (92)	$ (35)
Supplemental information on acquisitions		
Fair value of assets acquired, excluding cash	$ -	$ 404
Cash acquired	-	15
Liabilities assumed	-	(35)
Noncontrolling interests	-	(109)
Cash paid	-	(275)
Fair value of equity instruments consideration	$ -	$ -

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 ("FOX" or the "Company") with the Securities and Exchange Commission (the "SEC"). This section should be read together with the unaudited interim consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and the Annual Report on Form 10-K for the fiscal year ended June 30, 2020 as filed with the SEC on August 10, 2020 (the "2020 Form 10-K"). The unaudited consolidated financial statements are referred to as the "Financial Statements" herein.

INTRODUCTION

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 six months ended December 31, 2020 and 2019 that the Company believes are important in understanding its results of operations and financial condition or to disclose known trends.
- ***Results of Operations***—This section provides an analysis of the Company's results of operations for the three and six months ended December 31, 2020 and 2019. This analysis is presented on both a consolidated and a segment basis. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed.
- ***Liquidity and Capital Resources***—This section provides an analysis of the Company's cash flows for the six months ended December 31, 2020 and 2019, as well as a discussion of the Company's outstanding debt and commitments, both firm and contingent, that existed as of December 31, 2020. 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.
- ***Caution Concerning Forward-Looking Statements***—This section provides a description of the use of forward-looking information appearing in this Quarterly Report on Form 10-Q, including in Management's Discussion and Analysis of Financial Condition and Results of Operations. Such information is based on management's current expectations about future events which are subject to change and to inherent risks and uncertainties. Refer to Part I., Item 1A, "Risk Factors" in the 2020 Form 10-K for a discussion of the risk factors applicable to the Company.

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 traditional cable television systems, direct broadcast satellite operators and telecommunication companies ("traditional MVPDs") and online multi-channel video programming distributors ("digital 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 29 full power broadcast television stations, including 11 duopolies, in the U.S. Of these stations, 18 are affiliated with the FOX Network, 10 are affiliated with MyNetworkTV and one is an independent station. The Television segment also includes Tubi, Inc. ("Tubi"), a free advertising-supported video-on-demand ("AVOD") service.
- **Other, Corporate and Eliminations**, which principally consists of the FOX Studio Lot, Credible Labs Inc. ("Credible"), corporate overhead costs and intracompany eliminations. The FOX Studio 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. Credible is a U.S. consumer finance marketplace.

Other Business Developments

The outbreak of the coronavirus disease 2019 (“COVID-19”) pandemic has resulted in widespread and continuing negative impacts on the macroeconomic environment and disruption to the Company’s business. Weak economic conditions and increased volatility and disruption in the financial markets pose risks to the Company and its business partners, including advertisers whose expenditures tend to reflect overall economic conditions. The COVID-19 pandemic has caused some of the Company’s advertisers to reduce their spending, and future declines in the economic prospects of advertisers or the economy in general could negatively impact their advertising expenditures further. Depending on the duration and severity of the recession, it could lead to changes in consumer behavior, including increasing numbers of consumers canceling or foregoing subscriptions to multi-channel video programming distributor (“MVPD”) services, that adversely affect the Company’s affiliate fee and advertising revenues. In addition, the Company’s business depends on the volume and popularity of the content it distributes, particularly sports content. Following the COVID-19 outbreak, sports events to which the Company has broadcast rights were cancelled or postponed and the production of certain entertainment content the Company distributes was suspended. In particular, the college football 2020 season was impacted by COVID-19, and as a result had an abridged schedule that included games that were shifted from the first quarter to the second quarter of fiscal 2021, but had fewer live games overall due to cancellations. As a result of an under-delivery of college football games, the Company recorded affiliate fee credits for the three months ended December 31, 2020 to reflect the Company’s current estimate of the potential obligation to MVPDs under these agreements. The actual credit amount will be determined at a later date based on the affiliate fees paid by MVPDs and the number of games delivered in upcoming seasons. There may be additional content disruptions in the future, and depending on their duration and severity, these disruptions could materially adversely affect the Company’s future advertising revenues and, over a longer period, its future affiliate fee revenues. To the extent the pandemic further negatively impacts the Company’s ability to air sports events, it could result in a significantly greater adverse effect on the Company’s business, financial condition or results of operations than the Company has experienced thus far. In addition, shifting sports schedules may negatively impact the Company’s ability to attract viewers and advertisers to its sports and entertainment programming.

Pursuant to the merger agreement relating to the merger of Twenty-First Century Fox, Inc. (“21CF”) and The Walt Disney Company (“Disney”), the Company made a prepayment of approximately $700 million which represented the Company’s share of the estimated tax liabilities resulting from the anticipated divestitures by Disney of certain assets (the “Divestiture Tax”), principally the FOX Sports Regional Sports Networks (“RSNs”). As of September 30, 2020, Disney had sold the RSNs, the Company and Disney reached an agreement to settle the majority of the prepaid Divestiture Tax and the Company received $462 million from Disney as reimbursement of the Company’s prepayment based upon the sales price of the RSNs. This reimbursement was recorded in Other, net in the Statement of Operations. See Note 11—Additional Financial Information to the accompanying Financial Statements under the heading “Other, net.”

RESULTS OF OPERATIONS

Results of Operations—For the three and six months ended December 31, 2020 versus the three and six months ended December 31, 2019

The following table sets forth the Company's operating results for the three and six months ended December 31, 2020, as compared to the three and six months ended December 31, 2019:

	For the three months ended December 31,				For the six months ended December 31,			
	2020	2019	Change	% Change	2020	2019	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues								
Affiliate fee	$ 1,518	$ 1,436	$ 82	6 %	$ 3,051	$ 2,830	$ 221	8 %
Advertising	2,282	2,010	272	14 %	3,251	3,051	200	7 %
Other	287	332	(45)	(14) %	502	564	(62)	(11) %
Total revenues	4,087	3,778	309	8 %	6,804	6,445	359	6 %
Operating expenses	(3,346)	(3,091)	(255)	(8) %	(4,514)	(4,559)	45	1 %
Selling, general and administrative	(442)	(431)	(11)	(3) %	(830)	(783)	(47)	(6) %
Depreciation and amortization	(70)	(57)	(13)	(23) %	(138)	(107)	(31)	(29) %
Impairment and restructuring charges	-	-	-	- %	(35)	(9)	(26)	**
Interest expense	(99)	(90)	(9)	(10) %	(198)	(180)	(18)	(10) %
Interest income	2	8	(6)	(75) %	3	25	(22)	(88) %
Other, net	172	302	(130)	(43) %	691	287	404	**
Income before income tax expense	304	419	(115)	(27) %	1,783	1,119	664	59 %
Income tax expense	(74)	(105)	31	30 %	(436)	(292)	(144)	(49) %
Net income	230	314	(84)	(27) %	1,347	827	520	63 %
Less: Net income attributable to noncontrolling interests	(6)	(14)	8	57 %	(17)	(28)	11	39 %
Net income attributable to Fox Corporation stockholders	$ 224	$ 300	$ (76)	(25) %	$ 1,330	$ 799	$ 531	66 %

** not meaningful

Overview—The Company's revenues increased 8% and 6% for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020, due to higher affiliate fee and advertising revenues, partially offset by lower other revenues. The increase in affiliate fee revenue was primarily attributable to higher average rates per subscriber, led by contractual rate increases from affiliate agreement renewals and on existing affiliate agreements, partially offset by estimated affiliate fee credits as a result of the under-delivery of live college football games discussed above. The increase in advertising revenue was primarily due to higher political advertising revenue, an increase of approximately $230 million and $310 million for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020, related to the 2020 presidential and congressional elections, including two senate runoff elections in Georgia, and the impact of the consolidation of Tubi partially offset by lower ratings at the FOX Network due in part to COVID-19-impacted schedules. The decrease in other revenues was primarily due to lower sports sublicensing revenue related to college sports as a result of COVID-19 and lower content licensing revenue at the FOX Network partially offset by higher content revenue at Bento Box Entertainment, LLC ("Bento Box") and the impact of the consolidation of Credible in fiscal 2020.

Operating expenses increased 8% and remained relatively flat for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020, primarily due to higher sports programming rights amortization and production costs, including contractual rate increases for National Football League ("NFL"), Major League Baseball ("MLB") and college football content, net of lower costs due to the under-delivery of live college football games, and the impact of the consolidation of Tubi in fiscal 2020 partially offset by lower entertainment programming rights amortization and advertising and marketing costs due to fewer hours of original scripted programming as a result of COVID-19.

Selling, general and administrative expenses increased 3% and 6% for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020, primarily due to the impact of acquisitions that occurred in fiscal 2020 (the “Fiscal 2020 Acquisitions”) (See Note 3—Acquisitions, Disposals and Other Transactions in the 2020 Form 10-K under the heading “Acquisitions and Disposals” for additional information) and higher legal and marketing expenses at FOX News Media partially offset by lower professional fees.

Depreciation and amortization—Depreciation and amortization expense increased 23% and 29% for the three and six months ended December 31, 2020, as compared to the corresponding periods of fiscal 2020, primarily due to the Fiscal 2020 Acquisitions.

Impairment and restructuring charges—Impairment and restructuring charges increased $26 million for the six months ended December 31, 2020, as compared to the corresponding period of fiscal 2020, primarily due to higher severance costs principally at the Cable Network Programming segment (See Note 11—Additional Financial Information to the accompanying Financial Statements).

Interest expense—Interest expense increased 10% for the three and six months ended December 31, 2020, as compared to the corresponding periods of fiscal 2020, primarily due to the issuance of $1.2 billion of senior notes in April 2020 (See Note 9—Borrowings in the 2020 Form 10-K under the heading “Public Debt – Senior Notes Issued” for additional information).

Interest income—Interest income decreased for the three and six months ended December 31, 2020, as compared to the corresponding periods of fiscal 2020, primarily due to lower interest rates.

Other, net—See Note 11—Additional Financial Information to the accompanying Financial Statements under the heading “Other, net.”

Income tax expense—The Company’s tax provision and related effective tax rate of 24% for the three and six months ended December 31, 2020 was higher than the statutory rate of 21% primarily due to state taxes which, for the six months ended December 31, 2020, was partially offset by a benefit from the reduction of uncertain tax positions for state tax audits.

The Company’s tax provision and related effective tax rate of 25% and 26% for the three and six months ended December 31, 2019, respectively, were higher than the statutory rate of 21% primarily due to state taxes and other permanent items.

Net income—Net income decreased $84 million for the three months ended December 31, 2020, as compared to the corresponding period of fiscal 2020, primarily due to lower unrealized gains related to changes in fair value of the Company’s investments in equity securities in fiscal 2021 partially offset by higher Segment EBITDA (as defined below) at the Television and Cable Network Programming segments. Net income increased $520 million for the six months ended December 31, 2020, as compared to the corresponding period of fiscal 2020, primarily due to the receipt of the $462 million reimbursement from Disney related to the Divestiture Tax (See Note 1—Description of Business and Basis of Presentation to the accompanying Financial Statements for additional information) and higher Segment EBITDA at the Television and Cable Network Programming segments partially offset by higher Income tax expense.

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.

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. 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.

The following tables set forth the Company's Revenues and Segment EBITDA for the three and six months ended December 31, 2020, as compared to the three and six months ended December 31, 2019:

	For the three months ended December 31,				For the six months ended December 31,			
	2020	2019	Change	% Change	2020	2019	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues								
Cable Network Programming	$ 1,488	$ 1,469	$ 19	1 %	$ 2,813	$ 2,754	$ 59	2 %
Television	2,556	2,266	290	13 %	3,906	3,622	284	8 %
Other, Corporate and Eliminations	43	43	-	- %	85	69	16	23 %
Total revenues	$ 4,087	$ 3,778	$ 309	8 %	$ 6,804	$ 6,445	$ 359	6 %

	For the three months ended December 31,				For the six months ended December 31,			
	2020	2019	Change	% Change	2020	2019	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Segment EBITDA								
Cable Network Programming	$ 571	$ 556	$ 15	3 %	$ 1,352	$ 1,240	$ 112	9 %
Television	(185)	(214)	29	14 %	272	37	235	**
Other, Corporate and Eliminations	(81)	(81)	-	- %	(153)	(160)	7	4 %
Adjusted EBITDA(a)	$ 305	$ 261	$ 44	17 %	$ 1,471	$ 1,117	$ 354	32 %

** not meaningful

(a) For a discussion of Adjusted EBITDA and a reconciliation of Net income to Adjusted EBITDA, see "Non-GAAP Financial Measures" below.

Cable Network Programming (41% and 43% of the Company's revenues for the first six months of fiscal 2021 and 2020, respectively)

	For the three months ended December 31,				For the six months ended December 31,			
	2020	2019	Change	% Change	2020	2019	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues								
Affiliate fee	$ 928	$ 957	$ (29)	(3) %	$ 1,901	$ 1,896	$ 5	- %
Advertising	441	337	104	31 %	740	591	149	25 %
Other	119	175	(56)	(32) %	172	267	(95)	(36) %
Total revenues	1,488	1,469	19	1 %	2,813	2,754	59	2 %
Operating expenses	(786)	(792)	6	1 %	(1,220)	(1,312)	92	7 %
Selling, general and administrative	(137)	(126)	(11)	(9) %	(252)	(216)	(36)	(17) %
Amortization of cable distribution investments	6	5	1	20 %	11	14	(3)	(21) %
Segment EBITDA	$ 571	$ 556	$ 15	3 %	$ 1,352	$ 1,240	$ 112	9 %

Revenues at the Cable Network Programming segment increased 1% and 2% for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020, primarily due to higher advertising revenues, partially offset by lower other revenues. Affiliate fee revenue remained relatively consistent as higher average rates per subscriber, led by affiliate agreement renewals and contractual rate increases on existing affiliate agreements, were offset by estimated affiliate fee credits as a result of the under-delivery of live college football games discussed above and a lower average number of subscribers. The decrease in the average number of subscribers was due to a reduction in subscribers to traditional MVPDs, partially offset by an increase in digital MVPD subscribers. The increase in advertising revenue was primarily due to the 2020 presidential election coverage at FOX News Media which drove higher linear advertising revenue, including higher pricing and ratings, and digital advertising revenue. The decrease in other revenues was primarily attributable to lower sports sublicensing revenue and lower sponsorship revenue related to college sports principally as a result of COVID-19.

Cable Network Programming Segment EBITDA increased 3% and 9% for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020, primarily due to the revenue increases noted above and, for the six months ended December 31, 2020, lower expenses. Operating expenses decreased for the three months ended December 31, 2020 as higher sports programming rights amortization and production costs driven by the shift of college football games into the second quarter and contractual rate increases for college football and MLB content were more than offset by lower costs driven by the under-delivery of live games. Operating expenses decreased for the six months ended December 31, 2020 primarily due to lower sports programming rights amortization and production costs driven by the under-delivery of live college football games, partially offset by the shift of National Association of Stock Car Auto Racing ("NASCAR") Cup Series races and MLB regular season games into fiscal 2021 and contractual rate increases for college football and MLB content. Selling, general and administrative expenses increased principally due to higher legal and marketing expenses at FOX News Media.

Television (57% and 56% of the Company's revenues for the first six months of fiscal 2021 and 2020, respectively)

	For the three months ended December 31,				For the six months ended December 31,			
	2020	2019	Change	% Change	2020	2019	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues								
Advertising	$ 1,841	$ 1,673	$ 168	10 %	$ 2,511	$ 2,460	$ 51	2 %
Affiliate fee	590	479	111	23 %	1,150	934	216	23 %
Other	125	114	11	10 %	245	228	17	7 %
Total revenues	2,556	2,266	290	13 %	3,906	3,622	284	8 %
Operating expenses	(2,540)	(2,284)	(256)	(11) %	(3,254)	(3,227)	(27)	(1) %
Selling, general and administrative	(201)	(196)	(5)	(3) %	(380)	(358)	(22)	(6) %
Segment EBITDA	$ (185)	$ (214)	$ 29	14 %	$ 272	$ 37	$ 235	**

** not meaningful

Revenues at the Television segment increased 13% and 8% for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020. The increase in advertising revenue was primarily due to higher political advertising revenue at the FOX Television Stations, an increase of approximately $180 million and $245 million for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020, related to the 2020 presidential and congressional elections, including two senate runoff elections in Georgia, and the impact of the consolidation of Tubi, which experienced record viewership and record advertising revenue, partially offset by lower ratings at the FOX Network due in part to COVID-19-impacted schedules. The increase in affiliate fee revenue was primarily due to higher fees received from television stations that are affiliated with the FOX Network and higher average rates per subscriber, partially offset by a lower average number of subscribers at the Company's owned and operated television stations. The increase in other revenues was primarily due to higher content revenue at Bento Box partially offset by lower content licensing revenue at the FOX Network.

Television Segment EBITDA increased $29 million and $235 million for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020, primarily due to the revenue increases noted above, partially offset by higher expenses. Operating expenses increased primarily due to higher sports programming rights amortization and production costs, including contractual rate increases for NFL, MLB and college football content, and the impact of the consolidation of Tubi partially offset by lower entertainment programming rights amortization and advertising and marketing costs due to fewer hours of original scripted programming as a result of COVID-19.

Other, Corporate and Eliminations (2% and 1% of the Company's revenues for the first six months of fiscal 2021 and 2020, respectively)

	For the three months ended December 31,				For the six months ended December 31,			
	2020	2019	Change	% Change	2020	2019	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues	$ 43	$ 43	$ -	- %	$ 85	$ 69	$ 16	23 %
Operating expenses	(20)	(15)	(5)	(33) %	(40)	(20)	(20)	(100) %
Selling, general and administrative	(104)	(109)	5	5 %	(198)	(209)	11	5 %
Segment EBITDA	$ (81)	$ (81)	$ -	- %	$ (153)	$ (160)	$ 7	4 %

Revenues at the Other, Corporate and Eliminations segment remained consistent and increased 23% for the three and six months ended December 31, 2020, respectively, as compared to the corresponding periods of fiscal 2020. Revenues increased for the six months ended December 31, 2020 primarily due to the impact of the consolidation of Credible in the second quarter of fiscal 2020, partially offset by lower revenues from operating the FOX Studio Lot for third parties due to COVID-19. Operating expenses increased for the six months ended December 31, 2020 principally due to the impact of the consolidation of Credible. Selling, general and administrative expenses decreased for the six months ended December 31, 2020 primarily due to lower professional fees and employee costs, partially offset by the impact of the consolidation of Credible.

Non-GAAP Financial Measures

Adjusted EBITDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Adjusted 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.

Management believes that information about Adjusted EBITDA assists all users of the Company's 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. Adjusted 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 Adjusted EBITDA, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences and the impact of COVID-19 and other widespread health emergencies or pandemics and measures to contain their spread).

Adjusted EBITDA is 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 U.S. generally accepted accounting principles ("GAAP"). In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment charges, which are significant components in assessing the Company's financial performance. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

The following table reconciles Net income to Adjusted EBITDA for the three and six months ended December 31, 2020, as compared to the three and six months ended December 31, 2019:

	For the three months ended December 31,		For the six months ended December 31,	
	2020	2019	2020	2019
	(in millions)			
Net income	$ 230	$ 314	$ 1,347	$ 827
Add				
Amortization of cable distribution investments	6	5	11	14
Depreciation and amortization	70	57	138	107
Impairment and restructuring charges	-	-	35	9
Interest expense	99	90	198	180
Interest income	(2)	(8)	(3)	(25)
Other, net	(172)	(302)	(691)	(287)
Income tax expense	74	105	436	292
Adjusted EBITDA	$ 305	$ 261	$ 1,471	$ 1,117

The following table sets forth the computation of Adjusted EBITDA for the three and six months ended December 31, 2020, as compared to the three and six months ended December 31, 2019:

	For the three months ended December 31,		For the six months ended December 31,	
	2020	2019	2020	2019
	(in millions)			
Revenues	$ 4,087	$ 3,778	$ 6,804	$ 6,445
Operating expenses	(3,346)	(3,091)	(4,514)	(4,559)
Selling, general and administrative	(442)	(431)	(830)	(783)
Amortization of cable distribution investments	6	5	11	14
Adjusted EBITDA	$ 305	$ 261	$ 1,471	$ 1,117

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

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 latter of which continues to be negatively impacted by the weak economic environment as a result of COVID-19. Depending on the duration and severity of the recession, it could lead to changes in consumer behavior, including increasing numbers of consumers canceling or foregoing subscriptions to MVPD services, that adversely affect the Company's affiliate fee and advertising revenues. In addition, the Company's business depends on the volume and popularity of the content it distributes, particularly sports content. Following the COVID-19 outbreak, sports events to which the Company has broadcast rights were cancelled or postponed and the production of certain entertainment content the Company distributes was suspended. There may be additional content disruptions in the future and, depending on their duration and severity, these disruptions could materially adversely affect the Company's future advertising revenues and, over a longer period, its future affiliate fee revenues. The magnitude of the impact of the COVID-19 pandemic on the Company is highly uncertain and subject to change and will depend on evolving factors beyond the Company's control. These include the duration and extent of the pandemic, including increases or spikes in the number of cases, mutations or related strains of the virus and the success of vaccination efforts; the duration and extent of the recession, the pace of economic recovery and the economic and operating conditions facing the Company and others in the pandemic's aftermath; the effect of governmental actions; and potential changes in consumer behavior. The Company has approximately $4.5 billion of cash and cash equivalents as of December 31, 2020 and an unused five-year $1.0 billion unsecured revolving credit facility (See Note 5—Borrowings to the accompanying Financial Statements). The Company also has access to the worldwide capital markets, subject to market conditions which could be impacted by COVID-19. As of December 31, 2020, 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 production costs; marketing and promotional expenses; expenses related to broadcasting the Company's programming along with the continued investment in establishing the Company's standalone broadcast technical facilities following the Distribution (as defined in Note 1—Description of Business and Basis of Presentation in the 2020 Form 10-K under the heading "The Distribution"); employee and facility costs; capital expenditures; acquisitions; interest and dividend payments; debt repayments; and stock repurchases.

In addition to the acquisitions, sales and possible acquisitions disclosed elsewhere, the Company has evaluated, and expects to continue to evaluate, possible acquisitions and dispositions of certain businesses and assets. Such transactions may be material and may involve cash, the Company's securities or the assumption of additional indebtedness.

Sources and Uses of Cash

Net cash provided by (used in) operating activities for the six months ended December 31, 2020 and 2019 was as follows (in millions):

For the six months ended December 31,	2020	2019
Net cash provided by (used in) operating activities	$ 237	$ (256)

The change in net cash provided by (used in) operating activities during the six months ended December 31, 2020, as compared to the corresponding period of fiscal 2020, was primarily due to higher Segment EBITDA and lower cash payments for entertainment programming and sports programming rights at the Television segment partially offset by higher tax payments.

Net cash used in investing activities for the six months ended December 31, 2020 and 2019 was as follows (in millions):

For the six months ended December 31,	2020	2019
Net cash used in investing activities	$ (329)	$ (349)

The decrease in net cash used in investing activities during the six months ended December 31, 2020, as compared to the corresponding period of fiscal 2020, was primarily due to payments related to investments made in connection with establishing the Company's standalone broadcast technical facilities and additional funding in the Company's investments in Flutter Entertainment plc during the six months ended December 31, 2020 as compared to the acquisition of Credible in October 2019 (See Note 2—Acquisitions, Disposals and Other Transactions to the accompanying Financial Statements under the heading “Credible Acquisition”).

Net cash used in financing activities for the six months ended December 31, 2020 and 2019 was as follows (in millions):

For the six months ended December 31,	2020	2019
Net cash used in financing activities	$ (51)	$ (638)

The decrease in net cash used in financing activities during the six months ended December 31, 2020, as compared to the corresponding period of fiscal 2020, was primarily due to activity under the stock repurchase program and dividends paid to the Company’s stockholders partially offset by the receipt of the $462 million reimbursement from Disney related to the Divesture Tax during the six months ended December 31, 2020 as compared to activity under the stock repurchase program and dividends paid to the Company’s stockholders during the six months ended December 31, 2019.

Stock Repurchase Program

See Note 6—Stockholders’ Equity to the accompanying Financial Statements under the heading “Stock Repurchase Program.”

Dividends

Subsequent to December 31, 2020, 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 April 7, 2021 with a record date for determining dividend entitlements of March 10, 2021.

Debt Instruments

Borrowings include senior notes (See Note 9—Borrowings in the 2020 Form 10-K under the heading “Public Debt – Senior Notes Issued”).

Ratings of the senior notes

The following table summarizes the Company’s credit ratings as of December 31, 2020:

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

Revolving Credit Agreement

The Company has an unused five-year $1.0 billion unsecured revolving credit facility with a maturity date of March 2024 (See Note 5—Borrowings to the accompanying Financial Statements).

Commitments and Contingencies

See Note 8—Commitments and Contingencies to the accompanying Financial Statements.

Recent Accounting Pronouncements

See Note 1—Description of Business and Basis of Presentation to the accompanying Financial Statements under the heading “Recently Adopted and Recently Issued Accounting Guidance.”

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:

- the impact of COVID-19 and other widespread health emergencies or pandemics and measures to contain their spread and related weak macroeconomic conditions and increased market volatility;
- the impact of COVID-19 specifically on the Company, including content disruptions that negatively affect the volume or popularity of the Company’s programming, particularly sports programming, and potential non-cash impairment charges resulting from significant declines in the Company’s estimated revenues or the expected popularity of the Company’s programming;
- evolving technologies and distribution platforms and changes in consumer behavior as consumers seek more control over when, where and how they consume content, and related impacts on advertisers and traditional MVPDs;
- declines in advertising expenditures due to various factors such as the economic prospects of advertisers or the economy in general, new technologies and distribution platforms and related changes in consumer behavior, and shifts in advertisers’ spending toward digital and mobile offerings and away from more traditional media;
- the failure to enter into or renew on favorable terms, or at all, affiliation or carriage agreements or arrangements through which the Company makes its content available for viewing through online video platforms;
- further declines in the number of subscribers to traditional MVPD services;
- the highly competitive nature of the industry in which the Company’s businesses operate;
- the popularity of the Company’s content, including special sports events; 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, or at all;
- damage to the Company’s brands or reputation;
- the inability to realize the anticipated benefits of the Company’s strategic investments and acquisitions;
- the failure to comply with laws, regulations, rules, industry standards or contractual obligations relating to privacy and personal data protection;
- a degradation, failure or misuse of the Company’s network and information systems and other technology relied on by the Company that causes a disruption of services or improper disclosure of personal data or other confidential information;
- content piracy and signal theft and the Company’s ability to protect its intellectual property rights;
- the loss of key personnel;
- 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 Federal Communications Commission ("FCC") rules and policies and FCC decisions regarding revocation, renewal or grant of station licenses, waivers and other matters;
- the failure or destruction of satellites or 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 GAAP or other applicable accounting standards and policies;
- the Company's limited operating history as a standalone, publicly traded company and the risk that the Company is unable to make, on a timely or cost-effective basis, the changes necessary to operate effectively 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 during transition periods under transition services agreements with 21CF, including broadcast operations, sports production, information systems and technology, and other services, and the risks that 21CF does not properly provide the services under these agreements or that the Company is unable to provide or obtain such services following the applicable transition period (or during such transition period, if 21CF does not properly provide them in a timely and cost effective manner);
- the Company's ability to secure additional capital on acceptable terms;
- the impact of any payments the Company is required to make or liabilities it is required to assume under the Separation Agreement (as defined in Note 1—Description of Business and Basis of Presentation in the 2020 Form 10-K) and the indemnification arrangements entered into in connection with the Separation and the Distribution (as defined in Note 1—Description of Business and Basis of Presentation in the 2020 Form 10-K); and
- the other risks and uncertainties detailed in Part I., Item 1A. "Risk Factors" in the 2020 Form 10-K.

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

There have been no material changes in the market risks reported in the 2020 Form 10-K.

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) Changes in Internal Control over Financial Reporting

During the second quarter of fiscal 2021, the Company implemented a new affiliate fee revenue system for its sports and entertainment businesses to replace a system that was subject to a Twenty-First Century Fox, Inc. transition services agreement. As a result, the Company has implemented updates and changes to its current processes and related control activities.

Other than as stated in the previous paragraph, 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 second quarter of fiscal 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. Due to the COVID-19 pandemic, most of the Company’s employees continue to work remotely, and the Company has strived to minimize the impact of this on the design and effectiveness of the Company’s internal control over financial reporting. The Company is continually monitoring and assessing its internal control over financial reporting and has not experienced any material impact to its internal control over financial reporting due to the COVID-19 pandemic.

PART II

ITEM 1. LEGAL PROCEEDINGS

See Note 8—Commitments and Contingencies to the accompanying Unaudited Consolidated Financial Statements of FOX under the heading “Contingencies” for a discussion of the Company’s legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors described in the section titled “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2020 as filed with the Securities and Exchange Commission on August 10, 2020.

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

Below is a summary of the Company’s repurchases of its 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”), during the three months ended December 31, 2020:

	Total number of shares purchased[(a)]	Average price paid per share[(b)]	Approximate dollar value of shares that may yet be purchased under the program[(b)(c)]
			(in millions)
October 1, 2020 – October 31, 2020			
Class A common stock	911,204	$ 27.26	
Class B common stock	409,639	27.20	
November 1, 2020 – November 30, 2020			
Class A common stock	1,139,597	26.90	
Class B common stock	654,705	28.26	
December 1, 2020 – December 31, 2020			
Class A common stock	1,538,663	28.96	
Class B common stock	672,570	28.57	
Total			
Class A common stock	3,589,464	27.87	
Class B common stock	1,736,914	28.13	
	5,326,378		$ 980

(a) The Company has not made any purchases of Common Stock other than in connection with the publicly announced stock repurchase program described below.
(b) These amounts exclude any fees, commissions or other costs associated with the share repurchases.
(c) On November 6, 2019, the Company announced that its Board of Directors had authorized a stock repurchase program providing for the repurchase of $2 billion of the Company’s Common Stock. The program has no time limit and may be modified, suspended or discontinued at any time.

In total, the Company repurchased approximately 15 million shares of Common Stock for $419 million during the six months ended December 31, 2020.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

Not applicable

ITEM 6. EXHIBITS

(a) Exhibits.

31.1	Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
31.2	Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.**
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2020 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Unaudited Consolidated Statements of Operations for the three and six months ended December 31, 2020 and 2019; (ii) Unaudited Consolidated Statements of Comprehensive Income for the three and six months ended December 31, 2020 and 2019; (iii) Consolidated Balance Sheets as of December 31, 2020 (unaudited) and June 30, 2020 (audited); (iv) Unaudited Consolidated Statements of Cash Flows for the six months ended December 31, 2020 and 2019; (v) Unaudited Consolidated Statements of Equity for the three and six months ended December 31, 2020 and 2019; and (vi) Notes to the Unaudited Consolidated Financial Statements.*
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

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* Filed herewith.
** Furnished herewith.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) 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: February 9, 2021

Exhibit 31.1

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

I, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

February 9, 2021

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

Exhibit 31.2

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

I, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

February 9, 2021

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

Exhibit 32.1

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

In connection with the Quarterly Report of Fox Corporation on Form 10-Q for the fiscal quarter ended December 31, 2020, 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.

February 9, 2021

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

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