TWENTY-FIRST CENTURY FOX, INC.
Form 10-K
August 11, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

ANNUAL REPORT

PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2016

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 001-32352

TWENTY-FIRST CENTURY FOX, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	26-0075658

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

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

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

Title of Each Class	Name of Each Exchange On Which Registered
Class A Common Stock, par value $0.01 per share	The NASDAQ Global Select Market
Class B Common Stock, par value $0.01 per share	The NASDAQ Global Select Market

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

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes ¨ No x

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 x No ¨

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

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ¨ No x

As of December 31, 2015, which was the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's Class A Common Stock, par value $0.01 per share, held by non-affiliates was approximately $30,447,301,854, based upon the closing price of $27.16 per share as quoted on the NASDAQ Stock Market on that date, and the aggregate market value of the registrant's Class B Common Stock, par value $0.01 per share, held by non-affiliates was approximately $11,988,865,517, based upon the closing price of $27.23 per share as quoted on the NASDAQ Stock Market on that date.

As of August 5, 2016, 1,064,007,198 shares of Class A Common Stock and 798,520,953 shares of Class B Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required for Part III of this Annual Report on Form 10-K is incorporated by reference to the Twenty-First Century Fox, Inc. definitive Proxy Statement for its 2016 Annual Meeting of Stockholders, which shall be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, within 120 days of Twenty-First Century Fox, Inc.'s fiscal year end.

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PART I

ITEM 1. BUSINESS
Background

Twenty-First Century Fox, Inc. (formerly known as News Corporation), a Delaware corporation, is a diversified global media and entertainment company with operations in the following segments: (i) Cable Network Programming; (ii) Television; (iii) Filmed Entertainment; and (iv) Other, Corporate and Eliminations. The activities of Twenty-First Century Fox, Inc. are conducted principally in the United States, the United Kingdom, Continental Europe, Asia and Latin America. For financial information regarding Twenty-First Century Fox, Inc.'s segments and operations in geographic areas, see "Item 8. Financial Statements and Supplementary Data." Unless otherwise indicated, references in this Annual Report on Form 10-K for the fiscal year ended June 30, 2016 (the "Annual Report") to "we," "us," "our," "21st Century Fox," "Twenty-First Century Fox" or the "Company" means Twenty-First Century Fox, Inc. and its subsidiaries.

In fiscal 2016, the Company formed National Geographic Partners, LLC with the National Geographic Society to hold the National Geographic Channels and the publishing, travel and certain other businesses that had been owned by the National Geographic Society. For further information, see "–Business Overview–Cable Network Programming–National Geographic Partners".

On November 12, 2014, the Company sold its 100% and 57% ownership stakes in Sky Italia and Sky Deutschland AG ("Sky Deutschland"), respectively, to British Sky Broadcasting Group plc (subsequently renamed Sky plc ("Sky")) for approximately $8.8 billion in value comprised of approximately $8.2 billion in cash received, net of $650 million of cash paid to acquire Sky's 21% interest in NGC Network International LLC ("NGCI") and NGC Network Latin America LLC ("NGCLA" and together with NGCI, "NGC International"), increasing the Company's ownership stake in NGC International to 73%. In connection with this transaction, the Company participated in Sky's equity offering in July 2014 by purchasing additional shares in Sky for approximately $900 million and maintained the Company's 39% ownership interest. As a result of the transaction, Sky Italia and Sky Deutschland ceased to be consolidated subsidiaries of the Company. Following the sale of the Direct Broadcast Satellite Television ("DBS") businesses, the Company continues to report in five segments for comparative purposes, and there is no current activity in the DBS segment.

On June 28, 2013, the Company completed the separation of its business into two independent publicly traded companies (the "Separation") by distributing to its stockholders shares of the new News Corporation ("News Corp"). The Company retained its interests in a global portfolio of cable, broadcast, film, pay-TV and satellite assets spanning six continents. News Corp holds the Company's former businesses including newspapers, information services and integrated marketing services, digital real estate services, book publishing, digital education and sports programming and pay-TV distribution in Australia. The Company completed the Separation by distributing to its stockholders one share of News Corp Class A common stock for every four shares of the Company's Class A common stock held on June 21, 2013, and one share of News Corp Class B common stock for every four shares of the Company's Class B common stock held on June 21, 2013. The Company's stockholders received cash in lieu of fractional shares. Following the Separation the Company does not beneficially own any shares of News Corp Class A common stock or News Corp Class B common stock.

In connection with the Separation, the Company and News Corp entered into a separation and distribution agreement (the "Separation and Distribution Agreement") and certain other related agreements, pursuant to which the Company has agreed to indemnify News Corp and News Corp has agreed to indemnify the Company for certain liabilities.

The Company’s fiscal year ends on June 30 of each year. Through its predecessor, the Company was incorporated in 1979 under the Company Act 1961 of South Australia, Australia. At June 30, 2016, the Company had approximately 21,500 full-time employees. The Company’s principal executive offices are located at 1211 Avenue of the Americas, New York, New York 10036 and its telephone number is (212) 852-7000. The Company’s website is www.21cf.com. The Company’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the

Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available, free of charge, through the Company's website as soon as reasonably practicable after the material is electronically filed with or furnished to the U.S. Securities and Exchange Commission (the "SEC"). Such reports may also be obtained without charge from the Company, and paper copies of any exhibits to such reports are also available for a reasonable fee per page charge to the requesting stockholder. Any materials that the Company filed with the SEC also may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (http://www.sec.gov).

Special Note Regarding Forward-Looking Statements

This document and the documents incorporated by reference into this Annual Report, including "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," contain statements that constitute "forward-looking statements" within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended. The words "expect," "estimate," "anticipate," "predict," "believe" and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things, trends affecting the Company's financial condition or results of operations and the outcome of contingencies such as litigation and investigations. Readers are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks, uncertainties and other factors is set forth under the heading "Item 1A. Risk Factors" in this Annual Report. The Company does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by the Company with the SEC. This section should be read together with the Consolidated Financial Statements of Twenty-First Century Fox and related notes set forth elsewhere in this Annual Report.

BUSINESS OVERVIEW

The Company is a diversified global media and entertainment company, which manages and reports its businesses in the segments described below.

Cable Network Programming

The Company produces and licenses news, business news, sports, general entertainment, factual entertainment and movie programming for distribution primarily through cable television systems, direct broadcast satellite operators, telecommunications companies and online video distributors in the United States and internationally.

FOX News and Fox Business Network. FOX News owns and operates the FOX News Channel, the top rated 24/7 all news national cable channel currently available in approximately 91 million U.S. households according to Nielsen Media Research, as well as the FOX Business Network which is currently available in nearly 84 million U.S. households.

FOX News also produces a weekend political commentary show, FOX News Sunday, for broadcast on local FOX television stations throughout the United States. FOX News, through its FOX News Edge service, licenses news feeds to FOX Affiliates and other subscribers to use as part of local news broadcasts throughout the United States and abroad. FOX News also produces and runs the websites, FOXNews.com and FOXBusiness.com, and owns and

produces the national FOX News Radio Network, which licenses news updates and long form programs to local radio stations and to satellite radio providers.

FSN. Fox Sports Net, Inc. (“FSN, Inc.”) is the largest regional sports network (“RSN”) programmer in the United States, focusing on live professional and major collegiate home team sports events. FSN, Inc.’s sports programming business currently consists primarily of ownership interests in 15 RSNs and numerous sub-regional

feeds (the “FSN RSNs”) and National Sports Programming, which operates FSN (“FSN”), a national sports programming service. FSN is affiliated with an additional five RSNs that are not owned by FSN, Inc. (the “FSN Affiliated RSNs”). FSN provides the FSN RSNs and the FSN Affiliated RSNs with national sports programming, featuring original and licensed sports-related programming, as well as live and replay sporting events. In the aggregate, the FSN RSNs currently have approximately 62 million subscribers and have rights to telecast live games of 43 of 81 U.S. professional sports teams in Major League Baseball (“MLB”), the National Basketball Association and the National Hockey League; collegiate conferences; and numerous college and high school sports teams.

Fox Sports 1. Fox Sports 1 is a multi-sport national video programming network. During calendar year 2016, Fox Sports 1 will feature over 850 live events, including college football and basketball, UEFA Champions League, the Bundesliga and the Fédération Internationale de Football Association (“FIFA”) World Cup events, Major League Soccer (“MLS”), National Association of Stock Car Auto Racing (“NASCAR”), National Hot Rod Association (“NHRA”), United States Golf Association (“USGA”) and Ultimate Fighting Championship (“UFC”), as well as regular season and post-season MLB games. In addition to live events, Fox Sports 1 features shows such as The Herd and Speak for Yourself, original and documentary programming and daily studio programming.

Fox Sports 2. Fox Sports 2 is a multi-sport national video programming network featuring live events from the UFC and NASCAR, along with college basketball, rugby, Australian Football League, world-class soccer and motorsports programming. During calendar year 2016, Fox Sports 2 expects to feature over 450 live events.

Fox Sports Racing. Fox Sports Racing is a 24-hour video programming service consisting of motorsports programming, including NASCAR races, events and original programming (with exclusive coverage of the NASCAR Camping World Truck Series), The 24 Hours of Le Mans, AMA Supercross and Monster Jam. Fox Sports Racing is distributed to subscribers in Canada and the Caribbean.

Fox College Sports. Fox College Sports consists of three regionally-aligned video programming networks, FCS Pacific, FCS Central and FCS Atlantic. Fox College Sports provides live and delayed collegiate events from a variety of collegiate conferences, coaches’ shows and collegiate highlight and magazine-format programming, which primarily comes from the FSN RSNs across the country.

Fox Soccer Plus. Fox Soccer Plus is a premium video programming network showcasing over 350 exclusive live soccer and rugby competitions. Soccer events include matches from the UEFA Champions League and FA Cup. Rugby coverage includes matches from Super Rugby League and the National Rugby League.

Fox Deportes. Fox Deportes is a Spanish-language sports programming service distributed in the United States. Fox Deportes has more than 2,100 hours of live and exclusive programming, including exclusive coverage of premiere soccer matches (such as UEFA Champions League, MLS, FA Cup, FIFA Club World Cup and Bundesliga), UFC events, NASCAR Sprint Cup, National Football League (the “NFL”) post-season games, including the Super Bowl in 2017, and MLB, including All-Star, NLCS and World Series games. In addition to live events, Fox Deportes also features multi-sport news and highlight shows and daily studio programming, including Central FOX, La Ultima Palabra and FOX Deportes en Vivo. Fox Deportes reaches more than 22 million cable and satellite households in the United States, of which more than 6.5 million are Hispanic.

Big Ten Network. The Company owns an approximate 51% interest in the Big Ten Network (“BTN”), a 24-hour national video programming service dedicated to the collegiate Big Ten Conference and Big Ten athletics, academics and related programming.

FX. FX Networks, LLC (“FX”) is a fully distributed general entertainment video programming network that telecasts a large roster of original series, as well as acquired television series and motion pictures. FX’s lineup for the 2016-2017

season includes the critically acclaimed American Crime Story, American Horror Story, Fargo, The Americans, The Strain and Tyrant, as well as the first seasons of Legion and Taboo. Also included in the 2016-2017 season line-up are comedies Baskets and Sex&Drugs&Rock&Roll, and the premiere seasons of Atlanta and Better Things. FX televises acquired series including Two and a Half Men and Mike and Molly, and showcases the television premieres of theatrical motion pictures, which in the 2016-2017 season will include Guardians of the Galaxy, 21 Jump Street, The Fault In Our Stars, Gone Girl, How To Train Your Dragon 2, Interstellar and Captain America: The Winter Soldier, among others.

FXX. FXX is a general entertainment video programming network aimed primarily at young adults. Up from its initial distribution of just under 72 million U.S. households, FXX currently reaches close to 79 million U.S. households according to Nielsen Media Research. FXX's line-up includes current and past season episodes of the comedy series Archer, as well as current episodes of It's Always Sunny in Philadelphia, Man Seeking Woman and You're the Worst. FXX also has the exclusive cable rights to air all 596 episodes of The Simpsons. In addition, FXX will showcase the television premieres of an extensive slate of theatrical motion pictures including Dawn of the Planet of the Apes, Rio 2, The Maze Runner, The Equalizer, Mr. Peabody & Sherman and Taken 3.

FXM. FXM is a general entertainment video programming network which splits its programming into two day parts. From 3AM to 3PM, the network airs films from the historic library of Twentieth Century Fox, uncut and commercial free. From 3PM to 3AM, the network utilizes FX's roster of box office blockbuster modern day films. Also featured throughout both day parts are documentaries and original series that explore the moviemaking process from script to screen. During the 2016-2017 season, FXM will showcase the television premieres of several theatrical motion pictures, including Unbroken, among others.

National Geographic Partners. In fiscal 2016, the Company and the National Geographic Society ("NGS") formed National Geographic Partners, LLC ("National Geographic Partners") and contributed, among other things, their existing interests in NGC Network US, LLC and NGC International (collectively, "NGC Networks") to National Geographic Partners. NGS also contributed its publishing, travel and certain other businesses (collectively, the "NGS Media Business") to National Geographic Partners. As part of the transaction, National Geographic Partners also acquired the long-term license for the use of certain trademarks owned by NGS related to the NGC Networks and the NGS Media Business. The Company holds a 73% controlling interest in National Geographic Partners, which includes the NGS Media Business and NGC Network US, LLC, which produces and distributes the National Geographic Channel, Nat Geo Wild, and Nat Geo Mundo in the United States. NGSP, Inc., a subsidiary of NGS, holds the remaining interest in National Geographic Partners.

The National Geographic Channels air non-fiction, scripted and documentary programming on such topics as natural history, adventure, science, exploration and culture. National Geographic Channel currently reaches close to 87 million households in the United States, Nat Geo Wild reaches more than 57 million households in the United States and Nat Geo Mundo reaches more than three million Hispanic households in the United States according to Nielsen Media Research.

National Geographic Channel International produces the National Geographic Channel, the Nat Geo Adventure channel, the Nat Geo Wild channel and the Nat Geo Music channel for distribution in various international markets. The National Geographic Channel is currently shown in approximately 45 languages and in approximately 170 countries.

Baby TV. The Company owns a 50.1% equity interest in Baby TV, a 24-hour channel dedicated to infants and toddlers under three years old. The Baby TV channel is currently shown in more than 100 countries, including the United States.

Internet Distribution. The Company also distributes programming through its Fox-branded and network-branded websites and applications and licenses programming for distribution through the websites and applications of cable television systems, direct broadcast satellite operators, telecommunications companies and online video distributors. The Company's websites and applications provide live and/or on-demand streaming of network-related programming, and currently include FoxSportsgo.com and the application Fox Sports Go, BTN2Go.com and the application BTN2Go, natgeotv.com and the application Nat Geo TV, and FXnetworks.com and the application FXNOW, which offer in season episode stacks of FX original series, a deep library of movies and all prior season episodes of The Simpsons in an immersive interactive area of the website and application called "Simpsons World."

Fox Networks Group ("FNG") International. FNG operates, develops and distributes internationally (outside of the U.S. market) factual, sports, lifestyle, movie and general entertainment channels in various countries in Europe, Latin America, Africa, the Middle East and Asia, including the Fox+ service, Fox Channel, Fox Life (which is also distributed in the United States), FX, Fox Crime, FOX Traveller, the Voyage Channel, Fox Sports, STAR World, National Geographic Channel, Nat Geo Wild and Nat Geo People as well as Chinese language television programming targeted at Chinese-speaking audiences in Asia, including Star Chinese Movies.

FNG Latin America. FNG Latin America distributes in Latin America basic television channels as well as premium pay television channels which are under the Fox+ brand. The Fox+ premium channels primarily feature theatrical motion pictures and some series of Twentieth Century Fox and three other studios, dubbed in Spanish or Portuguese and/or in the English language with Spanish or Portuguese subtitles. The Fox+ premium service was launched in Mexico as a standalone service available to subscribers without the need to subscribe to a pay television service and such service will subsequently be launched in other countries throughout Latin America. In addition to traditional means of distribution, content distribution occurs via internet protocol television ("IPTV") and as an additive, authenticated, Internet-delivered service by traditional distributors of the linear networks.

FNG owns and operates the Fox Sports networks in Latin America, which are Spanish-language sports networks that are distributed to subscribers in Latin America, except Brazil, as well as Fox Sports Brazil, a Portuguese-language sports network specifically geared to the Brazilian audience.

FNG Europe and Africa. FNG Europe and Africa distributes more than 150 basic television channels and premium sports channels, including Fox, Fox Crime, Fox Life and Fox Sports, in Europe and Africa. It also operates and distributes free-to-air channels in Turkey. In addition to traditional means of distribution, content distribution occurs via IPTV, through mobile operators, and on an authenticated basis through ISPs and other online services.

FNG owns a controlling 51% ownership stake in Eredivisie Media & Marketing CV ("EMM"), a media company that holds the collective media and sponsorship rights of the Dutch Premier League. The remaining 49% of EMM is primarily owned by the Dutch Premier League and the global TV production company Endemol Shine CORE Joint Venture in which the Company owns a 50% interest.

FNG Asia and Middle East. The Company broadcasts television programming over a "footprint" covering approximately 50 countries in Asia and the Middle East. The Company owns Fox Sports Asia, a leading sports broadcaster in Asia which operates approximately 20 channels in different languages. In addition to traditional means of distribution, content distribution occurs via IPTV, through mobile operators, and on an authenticated basis through ISPs and other online services.

STAR India. STAR India develops, produces and broadcasts 62 channels in eight languages, which are distributed primarily via satellite to local cable, IPTV and direct-to-home ("DTH") operators for distribution throughout Asia, the United Kingdom, Continental Europe, North America, the Middle East and parts of Africa to their subscribers. STAR India's channels include the flagship Hindi general entertainment channels STAR Plus and Life OK, the Hindi movie channels Star Gold, Star Utsav Movies and Movies OK, the English general entertainment channels Star World, Star World Premier HD, FX, the English movie channels Star Movies, Star Movies Select and Star Movies Action, the Bengali general entertainment channel STAR Jalsha, the Bengali movie channel Jalsha Movies, the Marathi general entertainment channel STAR Pravah, the South Indian languages general entertainment channels Asianet, Asianet Movies, Suvarna, Suvarna Plus and Vijay TV, and eight STAR Sports channels. STAR India's primary sources of programming for its channels include original programming produced, commissioned or acquired by STAR India. STAR India also owns extensive film and television program libraries in the following languages: Hindi, Malayalam, Kannada, Telugu, Tamil, Bengali, Marathi and English.

In December 2015, STAR India acquired the broadcast business of MAA Television Network Limited and launched four Telugu language entertainment channels: MAA, MAA Movies, MAA Gold and MAA Music.

STAR India has acquired global media rights for BCCI Domestic and International Cricket Series matches in India through the season ending 2018, the International Cricket Council global rights through the season ending 2023, Asian Cricket Council matches through the season ending 2023, the England and Wales Cricket Board matches through the season ending 2017, Cricket Australia matches through the season ending 2017, English Premier League through

2019, French Open through 2021, Federation International De Hockey through 2022, Wimbledon through 2019 and Bundesliga through 2020. Additionally, STAR India has acquired digital rights for Indian Premier League through 2017 and digital clip rights to International Cricket Council events through 2019. STAR India owns a 35% minority stake in Football Sports Development Limited, a joint venture with IMG-Reliance, which operates the Indian Super League, a professional soccer league. STAR India also owns a 74% majority stake in Mashal Sports Private Limited which operates the Pro Kabaddi League.

STAR India's mobile video application for television shows, movies and sports content, hotstar, has more than 72 million downloads as of June 30, 2016. In April 2016, hotstar launched its domestic premium subscription service in India, which offers English-language television series and movies, featuring exclusive in India HBO original programming and the Fox Library (as defined below).

Middle East. The Company has an approximate 19% interest in Rotana Holding FZ-LLC, a diversified media company in the Middle East and North Africa. The Company also has an approximate 47.8% interest in Moby Group Holdings Limited ("MGH"). MGH operates television, radio, production, digital and other media businesses in Afghanistan and elsewhere in the Middle East, Central and South Asia, and Africa.

Competition

General. Cable network programming is a highly competitive business. Cable networks compete for content and distribution and, when distribution is obtained, for viewers and advertisers with free-to-air broadcast television, radio, print media, motion picture theaters, DVDs, Blu-ray high definition format discs ("Blu-rays"), Internet, wireless and portable viewing devices and other sources of information and entertainment. Important competitive factors include the prices charged for programming, the quantity, quality and variety of programming offered and the effectiveness of marketing efforts.

FOX News and FOX Business Network. FOX News Channel's primary competition comes from the cable networks CNN, HLN (CNN's Headline News), and MSNBC. Fox Business Network's primary competition comes from the cable networks CNBC and Bloomberg Television. FOX News Channel and FOX Business Network also compete for viewers and advertisers within a broad spectrum of television networks, including other non-news cable networks and free-to-air broadcast television networks.

Sports programming operations. A number of basic and pay television programming services, such as ESPN and NBC Sports Network, as well as free-to-air stations and broadcast networks, provide programming that also targets Fox Sports 1, Fox Sports 2, BTN and the FSN RSNs' respective audience. On a national level, the primary competitors to Fox Sports 1, Fox Sports 2 and FSN are ESPN, ESPN2, NBC Sports Network, Golf Channel and league-owned networks such as NFL Network, NHL Network, NBA TV and MLB Network. In regional markets, the FSN RSNs and BTN compete with other regional sports networks, including those operated by team owners and cable television distributors, local broadcast television stations and other sports programming providers and distributors. Fox Sports 1, Fox Sports 2 and FSN also face competition online from Major League Baseball Advanced Media, Yahoo Sports, ESPN.com, NBCSports.com and CBSSports.com, among others.

In addition, Fox Sports 1, Fox Sports 2, BTN, the FSN RSNs and FSN compete, to varying degrees, for sports programming rights. The FSN RSNs compete for local and regional rights with local broadcast television stations and other local and regional sports networks, including sports networks launched by team owners and cable television distributors. Fox Sports 1, Fox Sports 2, BTN and FSN compete for national rights principally with a number of national cable and broadcast services that specialize in or carry sports programming, including sports networks launched by the leagues and conferences, and television "superstations" that distribute sports. Independent syndicators also compete by acquiring and reselling such rights nationally, regionally and locally. Cable television distributors sometimes contract directly with the sports teams in their service area for the right to distribute a number of those teams' games on their systems. In certain markets, the owners of the cable television distributors, also own one or more of the professional teams in the region, increasing their ability to launch competing networks and also limiting the professional sports rights available for acquisition by the FSN RSNs. Additionally, cable television distributors and online and social media properties such as Yahoo Sports and Twitter are beginning to compete with our cable sports networks by acquiring and distributing sports content to their online users.

FX and FXX. FX and FXX face competition from a number of basic cable and pay television programming services, such as USA Network (“USA”), TNT, Spike TV, Home Box Office, Inc. (“HBO”) and Showtime Networks (“Showtime”), as well as free-to-air broadcast networks, Internet subscription and rental services such as Netflix and Amazon, and free-to-consumer video sharing websites such as YouTube, that provide programming that targets the same viewing audience as FX and FXX. FX and FXX also face competition from these programming services in the acquisition of distribution rights to movie and series programming.

National Geographic Partners. In the United States, National Geographic Channels face competition for viewers and advertising from a number of basic cable and broadcast television channels, such as Discovery Channel, History, Animal Planet, Travel Channel, Science, VICELAND, American Heroes Channel, FYI and Tru TV, as well as free-to-air broadcast networks, sports, news and general entertainment networks which have acquired or produced competing programming and Internet subscription and rental services. Internationally, the National Geographic Channels compete with various local and foreign television services providers and distribution networks, including local broadcasters and factual channels from Discovery Communications and A&E Television Networks, for audiences, advertising, content acquisition and distribution platforms.

FNG International. Internationally, the Company's cable businesses compete with various local and foreign television services providers and distribution networks for audiences, advertising, content acquisition and distribution platforms.

STAR India. In India, the pay television broadcasting industry has several participants, and STAR India's channels compete with both pay and free-to-air channels since they are delivered by common cable, direct-to-home and IPTV. STAR India also competes in India to acquire Hindi and other Indian languages film and programming rights, and internationally for English film and programming rights for television series and media rights for sporting events.

Television

The Company is engaged in the operation of broadcast television stations and the broadcasting of network programming in the United States.

Fox Television Stations

Fox Television Stations, LLC ("Fox Television Stations") owns and operates 28 full power stations, including stations located in nine of the top ten largest designated market areas ("DMAs"). Fox Television Stations owns and operates duopolies in 11 DMAs, including the three largest DMAs, New York, Los Angeles and Chicago.

Of the 28 full power stations, 17 stations are affiliates of FOX ("FOX Affiliates"). For a description of the programming offered to FOX Affiliates, see "—FOX Broadcasting Company." In addition, Fox Television Stations owns and operates 10 stations broadcasting programming from Master Distribution Service, Inc. ("MyNetworkTV").

The following table lists certain information about each of the television stations owned and operated by Fox Television Stations. Unless otherwise noted, all stations are FOX Affiliates.

Fox Television Stations

	DMA/Rank	Station	Digital Channel	Type	Percentage of U.S. Television Households Reached [a]	
New York, NY	1	WNYW	44(5)	UHF	6.5	%
		WWOR [b]	38(9)	UHF		
Los Angeles, CA	2	KTTV	11(11)	VHF	4.8	%
		KCOP [b]	13(13)	VHF		
Chicago, IL	3	WFLD	31(32)	UHF	3.1	%
		WPWR [b][c]	51(50)	UHF		
Philadelphia, PA	4	WTXF	42(29)	UHF	2.6	%
Dallas, TX	5	KDFW	35(4)	UHF	2.3	%
		KDFI [b]	36(27)	UHF		
San Francisco, CA	6	KTVU	44(2)	UHF	2.2	%
		KICU [d]	36(36)	UHF		
Washington, DC	7	WTTG	36(5)	UHF	2.2	%
		WDCA [b]	35(20)	UHF		
Atlanta, GA	9	WAGA	27(5)	UHF	2.1	%
Houston, TX	10	KRIV	26(26)	UHF	2.1	%
		KTXH [b]	19(20)	UHF		
Tampa, FL	11	WTVT	12(13)	VHF	1.6	%
Phoenix, AZ	12	KSAZ	10(10)	VHF	1.6	%
		KUTP [b]	26(45)	UHF		
Detroit, MI	13	WJBK	7(2)	VHF	1.6	%
Minneapolis, MN[e]	15	KMSP	9(9)	VHF	1.5	%
		WFTC [b]	29(29)	UHF		
Orlando, FL	19	WOFL	22(35)	UHF	1.3	%
		WRBW [b]	41(65)	UHF		
Charlotte, NC	22	WJZY	47(46)	UHF	1.0	%
		WMYT [b]	39(55)	UHF		
Austin, TX	39	KTBC	7(7)	VHF	0.7	%
Gainesville, FL	162	WOGX	31(51)	UHF	0.1	%
TOTAL					37.3	%

Source: Nielsen Media Research, January 2016

[a] VHF television stations transmit on Channels 2 through 13 and UHF television stations on Channels 14 through 51. The Federal Communications Commission (the “FCC”) applies a discount (the “UHF Discount”) which attributes only 50% of the television households in a local television market to the audience reach of a UHF television station for purposes of calculating whether that station’s owner complies with the national station ownership cap imposed by

FCC regulations and by statute; in making this calculation, only the station's actual (digital) broadcast channel is considered. In addition, the coverage of two commonly owned stations in the same market is counted only once. The percentages listed are rounded and do not take into account the UHF Discount. For more information regarding the FCC's national station ownership cap, see "Government Regulation—Television" in this Annual Report.

(b) MyNetworkTV licensee station.

(c) Effective September 1, 2016, station WPWR will become an affiliate of The CW Television Network during prime time and other network time periods. MyNetworkTV programming will be telecast during other time periods.

(d) Independent station.

(e) The Company also owns and operates full power station KFTC, Channel 26, Bemidji, MN as a satellite station of WFTC, Channel 29, Minneapolis, MN. Station KFTC is in addition to the 28 full power stations described in this section.

FOX Broadcasting Company ("FOX")

FOX has 207 FOX Affiliates, including 17 stations owned and operated by the Company, which reach approximately 99.9% of all U.S. television households. In general, each week FOX regularly delivers to its affiliates 15 hours of prime-time programming, 60 minutes of late-night programming on Saturday and 60 minutes of news programming on Sunday. FOX's prime-time entertainment programming features such series as Empire, Last Man on Earth, Scream Queens, New Girl, Brooklyn Nine-Nine, Gotham, Lucifer and The Simpsons; unscripted series such as Hell's Kitchen, Master Chef and the farewell season of American Idol; event series such as The X-Files and Wayward Pines; and live event specials such as Grease Live! and The Passion. In addition, a significant component of FOX's programming consists of sports programming, with FOX providing to its affiliates live coverage (including post-season) of the National Football Conference of the NFL and MLB, as well as live coverage of the Sprint Cup Series of NASCAR, USGA golf events (including the men's U.S. Open), college football and basketball, UFC and international soccer, including, FIFA World Cup events.

FOX's prime-time line-up is intended to appeal primarily to target audiences of 18 to 49-year old adults, the demographic group that advertisers seek to reach most often, with an emphasis on the 18 to 34-year old adult demographic coveted by advertisers. During the 2015-2016 traditional September to May broadcast season, FOX ranked first among adults ages 18 to 34 (based on Live+7 ratings). FOX ranked first in prime-time programming among teens ages 12 to 17 (tied with CBS Television Network ("CBS")) (based on Live+7 ratings). FOX has ranked first among adults ages 18 to 34 for 13 out of the past 14 years (2002-2003 to 2015-2016) and FOX has ranked first among teens ages 12 to 17 for 15 of the past 16 years (2000-2001 to 2015-2016). FOX's Empire was the broadcast season's top-ranked broadcast entertainment program among adults ages 18 to 49 for the second consecutive season. The X-Files was the broadcast season's top-ranked event series among adults ages 18 to 49 and ranked third among broadcast entertainment programs (based on Live+7 ratings). Lucifer was the broadcast season's number two new drama among adults ages 18 to 49 and Scream Queens was the top-ranked new comedy among adults ages 18 to 34 and teens ages 12 to 17. Inclusive of all telecasts, the median age of the FOX viewer is 48 years, as compared to 54 years for ABC Television Network ("ABC"), 55 years for NBC broadcast network ("NBC") and 59 years for CBS. Excluding all sports and repeat programming, the median age of the FOX viewer is 47 years, as compared to 54 years for ABC, 56 years for NBC, and 59 years for CBS.

FOX obtains programming from major television studios and independent television production companies pursuant to license agreements. The terms of those agreements generally provide FOX with the right to broadcast a television series for a minimum of four seasons.

National sports programming is obtained through license agreements with professional or collegiate sports leagues or organizations. FOX's current licenses with the NFL, MLB, college football and basketball conferences, NASCAR, FIFA, USGA and UFC are secured by long-term agreements.

FOX provides programming to the FOX Affiliates in accordance with affiliation agreements of varying durations, which grant to each affiliate the right to broadcast network television programming on the affiliated station. Such agreements typically run three or more years and have staggered expiration dates. These affiliation agreements require FOX Affiliates to carry FOX programming in all time periods in which FOX programming is offered to those affiliates, subject to certain exceptions stated in the affiliation agreements.

FOX also distributes programming through its network-branded website, FOX.com, and its FOXNOW and FSGo applications, and licenses programming for distribution through the websites and applications of cable television systems, direct broadcast satellite operators, telecommunications companies and online video distributors.

MyNetworkTV

The programming distribution service, Master Distribution Service, Inc. (branded as MyNetworkTV), distributes two hours per night, Monday through Friday, of off-network programming from Twentieth Television and other third party syndicators to its licensee stations. As of June 30, 2016, MyNetworkTV had license and delivery agreements covering 190 stations, including 10 stations owned and operated by the Company, reaching approximately 98% of U.S. households.

Competition. The network television broadcasting business is highly competitive. FOX and MyNetworkTV compete for audiences, programming and advertising revenue with other broadcast networks, such as ABC, NBC, CBS and The CW Television Network, independent television stations, cable and direct broadcast satellite program services, cable television networks, as well as other media, including DVDs, Blu-rays, digital video recorders ("DVR"), video games, and Internet-delivered free, advertising supported, subscription and rental services. In addition, FOX and MyNetworkTV compete with other broadcast networks and programming distribution services to secure affiliations or station agreements with independently owned television stations in markets across the United States. ABC, NBC and CBS each broadcasts a significantly greater number of hours of programming than FOX and, accordingly, may be able to designate or change time periods in which programming is to be broadcast with greater flexibility than FOX. In addition, future technological developments may affect competition within the television marketplace.

Each of the stations owned and operated by Fox Television Stations also competes for advertising revenues with other television stations and radio and cable systems in its respective market area, along with other advertising media, such as newspapers, magazines, outdoor advertising, direct mail and Internet websites. All of the stations owned and operated by Fox Television Stations are located in highly competitive markets. Additional elements that are material to the competitive position of each of the television stations include management experience, authorized power and assigned frequency of that station. Competition for sales of broadcast advertising time is based primarily on the anticipated and actually delivered size and demographic characteristics of audiences as determined by various rating services, price, the time of day when the advertising is to be broadcast, competition from the other broadcast networks, cable television systems, DBS services and digital media and general economic conditions. Competition for audiences is based primarily on the selection of programming, the acceptance of which is dependent on the reaction of the viewing public, which is often difficult to predict.

Filmed Entertainment

The Company is engaged in the production and acquisition of live-action and animated motion pictures for distribution and licensing in all formats in all entertainment media worldwide, and the production and licensing of television programming worldwide.

Motion Picture Production and Distribution

One of the world's largest producers and distributors of motion pictures, Twentieth Century Fox Film ("TCFF") produces, acquires and distributes motion pictures throughout the world under a variety of arrangements. During fiscal 2016, TCFF placed 22 motion pictures in general release in the United States. The motion pictures of TCFF are produced and/or distributed by the following units of TCFF: Twentieth Century Fox and Fox 2000, which produce and acquire motion pictures for mainstream audiences; Fox Searchlight Pictures, which produces and acquires specialized motion pictures; and Twentieth Century Fox Animation, which produces feature length animated motion pictures. In addition, Fox International Productions, Inc. co-produces, co-finances and acquires local-language motion pictures primarily for distribution outside the United States. The motion pictures produced and/or distributed by TCFF in the United States and international territories in fiscal 2016 included Maze Runner: The Scorch Trials, The Martian, Alvin and the Chipmunks: The Road Chip (together with New Regency), The Revenant, Deadpool, X-Men: Apocalypse, Independence Day: Resurgence, and Brooklyn. TCFF has already released or currently plans to release approximately 25 motion pictures in the United States in fiscal 2017, including Ice Age Collision Course, Miss Peregrine's Home for Peculiar Children, Why Him?, Kingsman: The Golden Circle, and The Birth of a Nation. Pursuant to an agreement with Monarchy Enterprises Holdings B.V. ("MEH"), the parent company of New Regency in which the Company has a 20% interest, and certain of MEH's subsidiaries, TCFF distributes certain New Regency films and all films co-financed by TCFF and New Regency in all media worldwide, excluding a number of international territories with respect to television rights. Among its fiscal 2017 releases, TCFF currently expects to distribute three New Regency films.

The Company has an arrangement with DreamWorks Animation SKG, Inc. (“DWA”) to distribute new release animated motion pictures produced by DWA, as well as certain other library motion pictures and programming controlled by DWA, domestically and internationally in all media including theatrical, all home media formats and certain forms of television. Among TCFF’s fiscal 2017 releases, TCFF currently expects to distribute three DWA films.

Motion picture companies, such as TCFF, typically seek to generate revenues from various distribution channels. TCFF derives its worldwide revenues from motion pictures and other program distribution primarily from four basic sources (set forth in general chronology of exploitation): (i) distribution of motion pictures for theatrical exhibition in the United States and Canada and markets outside of the United States and Canada ("international" markets); (ii) distribution of motion pictures and other programming in various home media formats, including digital distribution; (iii) distribution of motion pictures and other programming for exhibition on premium pay and subscription video-on-demand ("SVOD"); and (iv) distribution of motion pictures and other programming for exhibition on free television networks, other broadcast program services, independent television stations and basic cable programming services, including certain services which are affiliates of the Company. The Company does not always have rights in all media of exhibition to all motion pictures that it releases, and does not necessarily distribute a given motion picture in all of the foregoing media in all markets. The Company believes that the pre-release marketing of a feature film is an integral part of its motion picture distribution strategy and generally begins marketing efforts three to six months in advance of a film's release date in any given territory. The Company markets and distributes its films worldwide principally through its own distribution and marketing companies.

Through Twentieth Century Fox Home Entertainment LLC and TCFF, the Company distributes motion pictures and other programming produced by units of TCFF, its affiliates and other producers in the United States, Canada and international markets in all home media formats, including the sale and rental of DVDs and Blu-rays. In fiscal 2016, the domestic home entertainment division released or re-released approximately 1,135 produced and acquired titles, including 27 new TCFF film releases, approximately 720 catalog titles and approximately 388 television and non-theatrical titles. In international markets, the Company distributed, produced and acquired titles both directly and through foreign distribution channels, with approximately 1,024 releases in fiscal 2016, including approximately 28 new TCFF film releases, approximately 626 catalog titles and approximately 370 television and non-theatrical releases. The Company enters into domestic and international license arrangements with third parties for distribution by electronic sell-through ("EST"), video-on-demand ("VOD") and/or pay-per-view ("PPV"). Distribution on an EST basis enables consumers to acquire the right to retain programs on a permanent basis. The EST, VOD and PPV arrangements generally provide for license fees based on a percentage of the licensee's gross receipts received from consumers and in some cases a guaranteed minimum fee per consumer transaction. In addition, these arrangements generally provide for a minimum number of scheduled PPV exhibitions per program and for continuous VOD availability of each program to consumers during a fixed period. In fiscal 2016, the Company continued its arrangement to distribute new release animated motion pictures produced by DWA as well as certain other catalog motion pictures and programming controlled by DWA. In fiscal 2016, the Company continued its worldwide home video distribution arrangement with Metro-Goldwyn-Mayer ("MGM"), releasing approximately 446 MGM home entertainment theatrical, catalog and television programs domestically and 488 internationally. The Company also continued its domestic home video distribution arrangements with Lions Gate Films Inc. ("Lions Gate") (U.S. only) and Anchor Bay Entertainment, LLC ("Anchor Bay") (U.S. and Canada), releasing approximately 1,295 Lions Gate home entertainment theatrical, catalog and television programs and approximately 587 Anchor Bay home entertainment theatrical, catalog and television programs. During fiscal 2016, the domestic home entertainment division released 462 Blu-ray titles, including 27 new TCFF film releases, 355 catalog titles and 80 television and non-theatrical releases. In international markets, the Company released 391 Blu-ray titles, including 25 new TCFF film releases, 308 catalog titles and 58 television and non-theatrical releases. The Company also distributed 187 Blu-ray titles from MGM domestically and 138 titles internationally, 377 Blu-ray titles from Lions Gate domestically, and 169 Blu-ray titles from Anchor Bay domestically.

Units of TCFF license motion pictures and other programming in the United States and international markets to various third party and certain affiliated subscription pay television and SVOD services as well as to free television networks and basic cable programming services for distribution by means of various media, which may include DBS, cable television systems and the Internet. The license agreements reflecting the subscription pay television arrangements generally provide for a specified number of exhibitions of the program during a fixed term in exchange

for a license fee that is based on a variety of factors, including the box office performance of each program and the number of subscribers to the service or system. Among third party license arrangements that units of TCFF have in place in the United States for subscription pay television exhibition of motion pictures is an exclusive license agreement with HBO, providing for the licensing of films initially released for theatrical exhibition. Units of TCFF also license programming to SVOD services in the United States. Such licenses enable the consumer to view individual programming selected by the viewer for a subscription fee, typically on a monthly basis. In international markets, units of TCFF license motion pictures and other programming to subscription pay

television and SVOD services operated by leading third parties, as well as to such services operated by various affiliated entities. In addition, units of TCFF license motion pictures and other programming in international markets for exhibition on free television networks, including basic cable programming services, both to independent third party broadcasters as well as to services operated by affiliated entities of the Company.

Competition. Motion picture production and distribution are highly competitive businesses. The Company competes with other film studios, independent production companies and others for the acquisition of artistic properties, the services of creative and technical personnel, exhibition outlets and the public's interest in its products. The number of motion pictures released by the Company's competitors, particularly the other major film studios, in any given period may create an oversupply of product in the market, which may reduce the Company's shares of gross box office admissions and may make it more difficult for the Company's motion pictures to succeed. The commercial success of the motion pictures produced and/or distributed by the Company is affected substantially by the public's unpredictable response to them. The competitive risks affecting the Company's home entertainment business include the number of home entertainment titles released by the Company's competitors that may create an oversupply of product in the market, competition among home media formats, such as DVDs and Blu-rays, and other methods of distribution, such as EST and VOD services.

The Company faces ongoing risks associated with controlling unauthorized copying and distribution of the Company's programs. For a further discussion of issues relating to unauthorized copying and distribution of the Company's programs, see "—Intellectual Property."

Television Programming, Production and Domestic Syndication Distribution

Twentieth Century Fox Television ("TCFTV"). During fiscal 2016, TCFTV produced television programs for FOX, FX, ABC, CBS, NBC and Turner Broadcasting System ("TBS"). TCFTV currently produces, or has orders to produce, episodes of the following television series: 24: Legacy, A.P.B., Bob's Burgers, Bones, Empire, The Exorcist, Family Guy, The Last Man on Earth, Making History, The Mick, New Girl, Pitch, Prison Break (Event Series), Rosewood, Scream Queens, Shots Fired (Event Series), The Simpsons, Sleepy Hollow, Son of Zorn, Star and Wayward Pines for FOX; American Horror Story for FX; Fresh Off The Boat, Last Man Standing, Modern Family and Speechless for ABC; The Carmichael Show and This Is Us for NBC; Life in Pieces for CBS; and American Dad for TBS. Generally, a television network or cable network will license a specified number of episodes for exhibition during the license period. All other distribution rights, including international and off-network syndication rights, are typically retained by TCFTV, utilized by other units of the Company or sold to third parties.

Fox21 Television Studios ("Fox21"). Fox21 produces television programs for major U.S. cable networks and SVOD services including American Crime Story, The Americans, Feud!, Tyrant and Sex&Drugs&Rock&Roll for FX; Dice and Homeland for Showtime; Queen of the South for USA; Chance for Hulu; Seven Seconds for Netflix; Genius for National Geographic Channel; and Salem for WGN America. Additionally, Fox21 is producing Rocky Horror Picture Show, a made-for-television motion picture for FOX.

Television programs generally are produced under contracts that provide for license fees that may cover only a portion of the anticipated production costs. As these costs have increased in recent years, the resulting deficit between production costs and license fees for domestic first-run programming also has increased. Therefore, additional licensing is often critical to the financial success of a series. Successful U.S. network television series are typically (i) licensed for first-run exhibition in international markets, (ii) made available for EST, including individual episodes and full series, (iii) licensed for VOD, PPV and SVOD services, including individual episodes and full series, (iv) released in DVD and Blu-ray box sets, (v) licensed for off-network exhibition in the United States (including in syndication and to cable programmers) and (vi) licensed for further television exhibition in international markets. Typically, a series must be broadcast for at least three to four television seasons for there to be a sufficient number of

episodes to offer the series in syndication or to cable and DBS programmers in the United States. The decision of a television network to continue a series through an entire television season or to renew a series for another television season depends largely on the series' audience ratings.

Twentieth Television. Twentieth Television licenses both television programming and feature films for domestic syndication to television stations and basic cable services in the United States. Twentieth Television distributes a program portfolio that includes the Company's library of television and film assets, and first-run

programming for sales to local stations, including stations owned and operated by the Company, as well as to basic cable networks.

Twentieth Television derives revenue from off-network, theatrical and first-run program sales in the form of cash license fees paid by both broadcast and cable licensees, and from the sales of national advertising units retained by Twentieth Television in its programs. Twentieth Television licenses such shows as Modern Family, New Girl, Last Man Standing, Archer, It’s Always Sunny in Philadelphia, Burn Notice, Family Guy, Bones, How I Met Your Mother, The Cleveland Show, Bob’s Burgers, Glee and The Simpsons to cable and broadcast networks. First-run programs distributed by Twentieth Television include the court show Divorce Court and the entertainment magazine program Dish Nation. Additionally, Twentieth Television also sells national advertising on behalf of other third party syndicators.

Competition. Similar to motion picture production and distribution, production and distribution of television programming is extremely competitive. The Company competes with other film studios, independent production companies, Internet subscription and rental service providers, and others for the acquisition of artistic properties, the services of creative and technical personnel, exhibition outlets and the public’s interest in its products. In addition, television networks have affiliated production companies from which they are increasingly obtaining their programming, which has reduced the demand for programming from other non-affiliated parties.

Motion Picture and Television Library

The Company’s motion picture and television library (the “Fox Library”) consists of varying ownership and distribution rights to several thousand previously released motion pictures and many well-known television programs. Motion pictures in the Fox Library include many successful and well-known titles, such as The Sound of Music, Mrs. Doubtfire, Home Alone, the Star Wars series, the Die Hard series, the X-Men series, Independence Day, The Day After Tomorrow, the Ice Age series, The Planet of the Apes series, Sideways, Walk the Line, The Devil Wears Prada, Little Miss Sunshine, the Night at the Museum series, the Alvin and the Chipmunks series, Slumdog Millionaire, Juno, Life of Pi, the Taken series and 12 Years a Slave. In addition, the Company has distributed four of the top 10 domestic box office grossing films of all time, which are Avatar, Titanic (together with Paramount Pictures Corporation), Star Wars Episode IV: A New Hope and Star Wars Episode I: The Phantom Menace.

The Fox Library contains varying ownership and distribution rights to many television series and made-for-television motion pictures. The television programming in the Fox Library consists of such classic series as 24, How I Met Your Mother, King of the Hill, Prison Break, Boston Legal, My Name is Earl, The Mary Tyler Moore Show, M*A*S*H, Hill Street Blues, Doogie Howser, M.D., L.A. Law, The Wonder Years, The Practice, Ally McBeal, Angel, Dharma & Greg, In Living Color, The X-Files, Buffy the Vampire Slayer, The Cleveland Show, Arrested Development, Futurama, Glee, Sons of Anarchy, The Shield, Burn Notice, Malcolm in the Middle, Raising Hope, White Collar and NYPD Blue, as well as prior seasons of such current series as The Simpsons, Bones, Family Guy, Modern Family, Homeland, New Girl, Last Man Standing, Bob’s Burgers, American Dad, American Horror Story, Empire and Last Man on Earth.

Other, Corporate and Eliminations

The Other, Corporate and Eliminations segment consists primarily of corporate overhead and eliminations and other businesses.

Equity Interests

Sky

The Company holds an approximate 39% interest in Sky. Sky's ordinary shares are listed on the London Stock Exchange under the symbol "SKY". Sky is the U.K.'s leading entertainment and communications provider, operating the most comprehensive multichannel, multi-platform pay television service in the U.K., Ireland, Germany, Austria and Italy. Sky retails subscription television and communications services to residential and commercial premises in the UK, Ireland, Germany, Austria and Italy. In addition to the retail and broadcast operations, Sky operates a number of other businesses including wholesaling its channel portfolio, selling

advertising on its own and partner channels and its international distribution operation. In November 2014, the Company sold its 100% and 57% ownership stakes in Sky Italia and Sky Deutschland, respectively, to Sky for approximately $8.8 billion in value comprised of approximately $8.2 billion in cash received, net of $650 million of cash paid to acquire Sky's 21% interest in NGC International, increasing the Company's ownership stake in NGC International to 73%. In connection with this transaction, the Company participated in Sky's equity offering in July 2014 by purchasing additional shares in Sky for approximately $900 million and maintained the Company's 39% ownership interest.

Hulu

The Company has an approximate 30% equity interest in Hulu, LLC ("Hulu") which operates an online video service that offers video content from Fox, the other partners in Hulu, NBCUniversal and The Walt Disney Company, as well as Time Warner Inc., which acquired a 10% interest in Hulu in August 2016, and over 200 other third-party content licensors. Hulu's premium programming is available on a monthly subscription basis at Hulu.com and through software applications on Internet-connected devices, including smart phones, tablets, gaming consoles and set-top boxes.

Endemol Shine CORE Joint Venture

The Company and funds managed by Apollo Global Management, LLC ("Apollo") formed a joint venture in December 2014 to which the Company contributed its interests in Shine Group and cash, comprising an aggregate carrying value of approximately $830 million. The joint venture, a global multi-platform content provider, is comprised of Shine Group, Endemol, and CORE Media Group (collectively, "Endemol Shine CORE Joint Venture"). Although Endemol and Shine were consolidated in connection with this contribution, the CORE Media Group retained a separate capital and management structure under the ownership of the joint venture. The Company and Apollo have an equal ownership interest in the joint venture. During the fourth quarter of fiscal 2016, Core Entertainment Inc., was deconsolidated upon commencement of its bankruptcy proceedings. Endemol Shine CORE Joint Venture has creative operations in over 30 markets, with a diverse portfolio, both scripted and non-scripted, coupled with digital, gaming, and distribution operations (See Note 7 – Investments to the accompanying Consolidated Financial Statements of the Company for further discussion).

Tata Sky

The Company holds an approximate 30% interest in Tata Sky Limited which owns and operates a DTH platform in India.

Other Investments

The Company has a minority equity interest in Vice Holdings Inc., a digital media company.

In July 2015, the Company acquired a minority equity interest in DraftKings, Inc., a leading operator of online fantasy games and contests.

Government Regulation

General

Various aspects of the Company's activities are subject to regulation in numerous jurisdictions around the world. The Company believes that it is in material compliance with the requirements imposed by those laws and regulations

described herein. The introduction of new laws and regulations in countries where the Company’s products and services are produced or distributed (and changes in the enforcement of existing laws and regulations in those countries) could have a negative impact on the interests of the Company.

Cable Network Programming

Asia. Most countries in which the Company operates have a regulatory framework for the satellite and cable television industry. Government regulation of direct reception and redistribution via cable or other means of satellite television signals, where it is addressed at all, is treated differently in each country. At one extreme are absolute bans on private ownership of satellite receiving equipment. Some countries, however, have adopted a less restrictive approach, opting to allow ownership of satellite receiving equipment by certain institutions and individuals but allowing them to receive only authorized broadcasts. At the opposite end of the spectrum are countries where private satellite dish ownership is allowed and laws and regulations have been adopted which support popular access to satellite services through local cable redistribution.

Most television services within Asia, whether free-to-air or pay television, are also subject to licensing requirements. In addition, most countries in which the Company operates control the content offered by local broadcast operators through censorship requirements to which program suppliers, such as the Company, are subject. Certain countries also require a minimum percentage of local content. Other countries require local broadcast operators to obtain government approval to retransmit foreign programming.

Additional categories of regulation of actual or potential significance to the Company are restrictions on foreign investment in distribution platforms, television programming production, limitations on exclusive arrangements for channel distribution and non-discrimination requirements for supply or carriage of programming and anti-competition or anti-trust legislation. Such restrictions are different in each country.

India. Television viewers receive broadcast television signals primarily through terrestrial and cable delivery and through DTH and IPTV delivery. Terrestrial broadcasting remains the domain of government-owned broadcast stations. The government allows 100% foreign direct investment in distribution platforms and 49% foreign direct investment in electronic news. Effective November 2015, government approval is no longer required for foreign direct investment in non-"news and current affairs" (i.e. entertainment) television channels. In addition, the government does not permit broadcasters to own more than 20% of distribution platforms.

All cable television operators are required to carry certain government-operated channels. Retransmissions of foreign satellite channels, such as STAR India's channels, are permitted, subject to licensing requirements and compliance with local applicable laws, including programming and advertisement codes. Indian law requires that all film and media content, whether produced in India or abroad, be certified by the Central Board of Film Certification prior to exhibition in India and also places certain restrictions on advertising content. The Indian Broadcasting Foundation has issued Self-Regulatory Guidelines that apply to the programming on non-news and current affairs channels.

Certain wholesale and retail channel tariffs are under review after intervention by the Indian courts. While there is no tariff regulation for DTH at the retail level, broadcasters are required under an interim order by the court to offer their channels to DTH platforms at 42% of the rates charged to analog cable. Broadcasters are also required to provide their channels on non-discriminatory terms to all distributors if no carriage charges are being sought from broadcasters. In 2011, the Cable Television Act was amended and new rules were issued mandating that cable networks switch from analog to digital systems. The Telecom Regulatory Authority of India ("TRAI") issued rules that mandated, among other things, basic service tiers comprised of free-to-air channels be compulsorily offered to consumers. This new regime, which will bring digital cable pricing in line with DTH, is expected to be fully implemented by the end of calendar year 2016. Channel prices in India have been frozen since 2003 and occasional inflationary adjustments have been allowed in the past. The TRAI allowed a 27.5% inflation based increase in channel rates that was to be implemented by January 1, 2015. However, the Indian court struck down this increase. The Company, along with other broadcasters, has filed an appeal which was dismissed. The present channel tariffs continue to be under review by the TRAI with a final outcome expected in calendar 2016.

The TRAI enacted regulations in March 2013 that limit the amount of advertising time allowed on television channels. These regulations replaced the regulations enacted by the TRAI in May 2012 that had been challenged in the Indian courts. The March 2013 regulations have also been challenged and such challenges are currently pending in the Indian courts.

The Indian government has mandated sports content rights owners to simultaneously share a feed free of advertisements of the live broadcasting signal of sporting events of national importance with the Indian government owned broadcaster to enable it to re-transmit the signal on its terrestrial networks and DTH networks. For such shared events, the regulations also provide for sharing of advertising revenue, 75% to the content rights owners and 25% to the government owned broadcaster.

The copyright laws in India were amended in June 2012 to provide, inter alia, for rights to receive royalties by authors of underlying work and to permit broadcasters to access content under a statutory license at royalty rates to be determined by the authorized copyright body once it is established.

Latin America. The Company broadcasts television programming throughout approximately 18 Latin American countries, as well as the Caribbean. Certain countries in which the Company operates have a regulatory framework for the satellite and cable television industry. These regulations vary in each country as does their impact on the Company's business. In Argentina, the government imposes restrictions on the ability to effectuate price increases on rates charged to pay-TV operators and has also implemented certain measures in currency exchange controls which have caused significant impediments and limitations to any person or entity moving money out of the country resulting in exposure to currency devaluation, however, the new administration has eased such exchange controls. Pay-TV operators are required to carry certain government operated channels. Argentina regulations reduced the available advertising inventory on the channels by half to six minutes per hour, which must be accumulated within a four-hour consecutive programming block. In Brazil, regulations require, among other things: (i) that all channels distributed in the region contain at least three hours and thirty minutes per week of Brazilian content during prime time hours (the "Quota Requirement"), half of which must be produced by a Brazilian independent producer; (ii) registration of all channels, programmers, local content and advertisements; (iii) website disclosure of programming and advertising content to ensure compliance with tax and other regulations; and (iv) mediation of local agency requirements and taxation on all advertising that is contracted abroad. While such tax shall primarily be paid by advertisers, programmers are ultimately responsible for the tax payment, and failure by advertisers to pay the required tax could subject programmers to fines or penalties. In order to encourage the local industry and the production of Brazilian content, new restrictions continue to be established defining the type of content that may be considered Brazilian content for purposes of the Quota Requirement. Compliance with these regulations increases the cost of doing business by imposing additional production/acquisition costs as well as third party administrative and legal expenses.

Europe. The sectors in which the Company operates in Europe are subject to both general competition laws and sector specific regulation. The regulatory regime applicable to the electronic communications and broadcasting sectors is, to a large extent, based on European Union ("EU") law comprised in various EU directives that require EU member states to adopt national legislation to give effect to the directives' objectives, while leaving the precise manner and form of the national legislation to the discretion of each member state. The Electronic Communications Directives regulate the provision of communication services, including networks and transmission services that are involved in the broadcasting of television services as well as the provisions of services and facilities associated with the operation of digital television platforms. The AudioVisual Media Services Directive sets out the basic principles for the regulation of television broadcasting activity, including broadcasting licensing, advertising and content regulation and imposes production and investment quotas, obligations to transmit European content for at least 50% of the day and limitations on advertising time. The Satellite and Cable Directive provides the European legal framework for the right of communication to the public by satellite and for the retransmission of broadcast signals from one member state by cable operators in another member state. Each European country also has the right to adopt more strict rules.

In January 2014, the European Commission ("EC") initiated formal antitrust proceedings to examine certain provisions in licensing agreements between several U.S. film studios, including Twentieth Century Fox, and a number of European pay-TV broadcasters, including Sky Italia, Sky Deutschland and Sky UK. The EC is investigating

provisions which prevent broadcasters from providing their services across borders, for example by refusing potential subscribers from other EU countries or blocking cross-border online access to their services. In July 2015, the EC sent a Statement of Objections to Twentieth Century Fox, several other U.S. film studios and Sky UK taking the preliminary view that such contractual provisions may breach EU competition rules prohibiting anti-competitive agreements. In January 2016, the EC held a hearing on the matter. The Statement of Objections, which sets out the preliminary position of the EU, and the hearing do not represent a finding of infringement or prejudge

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the outcome of the investigation. The EC continues to investigate the license agreements between the film studios and other European broadcasters. It is not possible to predict the timing or outcome of the EC's proceedings, including whether fines, if any, may be imposed, or the impact on the Company's business.

In 2015 and 2016, as part of its Digital Single Market Strategy, the EC commenced a number of initiatives, including legislative proposals to allow for broader access to online content across EU countries, as well as consultations to review the Satellite and Cable Directive, the AudioVisual Media Services Directive and the Electronic Communications Directive. It is not possible to predict the timing or outcome of these initiatives or the impact on the Company's business.

Television

In general, the television broadcast industry in the United States is highly regulated by federal laws and regulations issued and administered by various federal agencies, including the FCC. The FCC regulates television broadcasting, and certain aspects of the operations of cable, satellite and other electronic media that compete with broadcasting, pursuant to the Communications Act of 1934, as amended (the "Communications Act").

The Communications Act permits the operation of television broadcast stations only in accordance with a license issued by the FCC upon a finding that the grant of the license would serve the public interest, convenience and necessity. The FCC grants television broadcast station licenses for specific periods of time and, upon application, may renew the licenses for additional terms. Under the Communications Act, television broadcast licenses may be granted for a maximum permitted term of eight years. Generally, the FCC renews broadcast licenses upon finding that: (i) the television station has served the public interest, convenience and necessity; (ii) there have been no serious violations by the licensee of the Communications Act or FCC rules and regulations; and (iii) there have been no other violations by the licensee of the Communications Act or FCC rules and regulations which, taken together, indicate a pattern of abuse. After considering these factors, the FCC may grant the license renewal application with or without conditions, including renewal for a lesser term than the maximum otherwise permitted, or hold an evidentiary hearing. Fox Television Stations has pending renewal applications for two of its television station licenses, both of which have been opposed by third parties. On June 13, 2007 and May 15, 2008, Fox Television Stations entered into agreements with the FCC that preclude it from objecting, on the grounds that such action is barred by certain statutes of limitations, to FCC or other governmental action relating to (i) petitions to deny or complaints that have been filed against several owned and operated stations relating to programming that is alleged to violate the prohibition against indecent broadcasts or (ii) inquiries from the FCC regarding compliance with its sponsorship identification rules. For information on the television stations owned and operated by the Company, see "—Fox Television Stations" above.

In March 2010, the FCC delivered its national Broadband Plan to Congress, which reviews the nation's broadband Internet infrastructure and recommends a number of initiatives to spur broadband deployment and use. In order to free up more spectrum for wireless broadband services, the Broadband Plan proposes to make spectrum available, including 120 megahertz of broadcast spectrum, by incentivizing current private-sector spectrum holders to return some of their spectrum to the government through such initiatives as voluntary "incentive" spectrum auctions (with current licensees permitted to share in the auction proceeds) and "repacking" of channel assignments to increase efficient spectrum usage. If voluntary measures fail to yield the amount of spectrum the FCC deems necessary for wireless broadband deployment, the Broadband Plan proposes various mandates to reclaim spectrum, such as forced channel sharing. In response to the Broadband Plan, Congress passed legislation in February 2012 authorizing the FCC to conduct a voluntary auction of television broadcast station spectrum. Stations that continue their operations may have to change channels once the FCC "repacks" broadcast spectrum. The legislation requires the FCC to assist stations in retaining their current coverage areas, provides that no stations will be forced into the VHF band and establishes a fund to reimburse broadcasters for reasonable channel relocation expenses. The FCC took a variety of steps to implement the legislation, leading to the start of the broadcast spectrum incentive auction in May 2016. The

auction remains under way at this time. Fox Television Stations has filed applications with the FCC to participate in the auction. The FCC also has announced a plan to “repack” the television broadcast stations that do not participate in the auction over the subsequent 39 months following the closing of the auction; the FCC indicated that it will use reasonable efforts to try to preserve stations’ current coverage areas. The broadcast industry is exploring additional uses for currently allocated spectrum. It is expected that the FCC auction and repacking will involve multiple rulemaking proceedings and may take several years to complete. It is not possible to predict the

timing or outcome of implementation of the Broadband Plan, FCC spectrum auctions and repacking, or their effect on the Company.

On December 22, 2011, the FCC commenced the next quadrennial review of its broadcast ownership regulations required by the 1996 Telecom Act, proposing only minor modifications to its rules. That review was never completed. In early 2014, the FCC announced its intention to combine the 2011 review with the quadrennial review scheduled for 2014. In the 2014 review, which is pending, the FCC again proposed minor modifications that are not likely to affect the impact of the FCC ownership rules on the Company's ownership of media properties.

Fox Television Stations is in compliance with the rules governing ownership of multiple stations in the same market and with the national station ownership cap established by Congress. In September 2013, the FCC commenced a proceeding to consider elimination of the so-called "UHF discount" under which UHF stations are attributed with only 50% of the television households in their markets for purposes of calculating compliance with the national station ownership cap. If the FCC decides to eliminate the UHF discount it may affect the Company's ability to acquire television stations in additional markets. Even in the event that the FCC were to eliminate the UHF discount, the Company's national audience reach would remain below the national station ownership cap. It is not possible to predict the timing or outcome of the pending proceeding.

Fox Television Stations owns two television stations in the New York DMA. By virtue of its common ownership with News Corp due to the Murdoch Family Trust's ownership interest in both News Corp and the Company, Fox Television Stations also retains an attributable interest in The New York Post, a daily newspaper in the New York DMA. On October 6, 2006, the FCC reaffirmed the Company's permanent waiver of the newspaper/broadcast cross-ownership rule, which allows the common ownership of the The New York Post and WNYW (TV). On August 8, 2014, the FCC's Media Bureau granted a new temporary waiver of the newspaper/broadcast cross-ownership rule to permit the common ownership of the The New York Post and WWOR-TV; the waiver shall remain in effect until 90 days after the effective date of an FCC order in the 2014 quadrennial review of the media ownership regulations that either adopts a new rule or upholds the existing rule (the "August 2014 Order"). At that time, Fox Television Stations shall either (1) comply with the rule then in effect or (2) file a new request for a waiver of such rule. Parties opposed to the August 2014 Order filed an application for review by the full FCC, which is pending. It is not possible to predict the timing or outcome of the FCC's action on this request for review or its effect on the Company.

In addition, as a result of these rules, the Company's future conduct, including the acquisition of any broadcast networks, or stations or any newspapers, in the same local markets in which News Corp owns or operates newspapers or has acquired television stations, may affect News Corp's ability to own and operate its newspapers or any television stations it acquires or otherwise comply with the rules. Therefore, the Company and News Corp agreed in the Separation and Distribution Agreement that if the Company acquires, after the Separation, newspapers, radio or television broadcast stations or television broadcast networks in the U.S. and such acquisition would impede or be reasonably likely to impede News Corp's business, then the Company will be required to take certain actions, including divesting assets, in order to permit News Corp to hold its media interests and to comply with such rules.

Under the Communications Act, no broadcast station licensees may be owned by a corporation if more than 25% of the corporation's stock is owned or voted by non-U.S. persons, their representatives, or by any other corporation organized under the laws of a foreign country. The Company owns broadcast station licensees in connection with its ownership and operation of U.S. television stations. During fiscal 2016, the Company had in place a suspension of 10% of the voting rights of the Class B Common Stock held by non-U.S. stockholders in order to maintain compliance with U.S. law. In August 2016, the Company eliminated the suspension of voting rights of shares of Class B Common Stock and remains in compliance with applicable U.S. law. The FCC could review the Company's compliance with the Act in connection with its consideration of Fox Television Stations' license renewal applications.

FCC regulations implementing the Cable Television Consumer Protection and Competition Act of 1992 require each television broadcaster to elect, at three-year intervals, either to (i) require carriage of its signal by cable systems in the station's market ("must carry") or (ii) negotiate the terms on which that broadcast station would permit transmission of its signal by the cable systems within its market ("retransmission consent"). Generally, the Company has elected retransmission consent for the stations owned and operated by Fox Television Stations. The

Satellite Home Viewer Improvement Act of 1999 requires satellite carriers to carry upon request all television stations located in markets in which the satellite carrier retransmits at least one local station pursuant to the copyright license provided in the statute ("Carry One, Carry All"). FCC regulations implementing this statutory provision require affected stations to elect either mandatory carriage at the same three year intervals applicable to cable "must carry" or negotiate carriage terms with the satellite operators. Several cable and satellite operators filed a petition for rulemaking with the FCC seeking changes in the retransmission consent regulations, including the imposition of mandatory arbitration and required interim carriage in the event the broadcaster and distributor fail to reach a carriage agreement. In March 2011, the FCC responded by initiating a rulemaking to explore changes to its retransmission consent regulations. The FCC tentatively concluded that it does not have the power to order mandatory arbitration or interim carriage and instead sought comment on modifications to its rules affecting retransmission consent negotiations, including providing more guidance under the FCC's "good faith negotiation" standard, improving notice to consumers in advance of possible disruptions of TV station carriage and eliminating program exclusivity rules that restrict cable and satellite operators' ability to negotiate for alternative access to network programming. In March 2014, the FCC adopted limited changes to its retransmission consent rules to prohibit a television broadcast station ranked among the top four stations (as measured by audience share) from negotiating retransmission consent jointly with another top four station in the same geographic market if the stations are not commonly owned. Pursuant to the Satellite Television Extension and Localism Act Reauthorization, which Congress passed in December 2014, the FCC also was required to initiate a new rulemaking proceeding in September 2015 to review the "totality of the circumstances" component of its retransmission consent good faith bargaining rules. The broadcast industry, including Fox Entertainment Group and Fox Television Stations, filed comments opposing broader changes to the current retransmission consent regime. The Chairman of the FCC announced on July 15, 2016 that the Commission will not proceed at this time to adopt additional rules governing good faith negotiations for retransmission consent.

Legislation enacted in 1990 limits the amount of commercial matter that may be broadcast during programming designed for children 12 years of age and younger. In addition, under FCC license renewal processing guidelines, television stations are generally required to broadcast a minimum of three hours per week of programming, which, among other requirements, must serve, as a "significant purpose," the educational and informational needs of children 16 years of age and under. A television station found not to have complied with the programming requirements or commercial limitations could face sanctions, including monetary fines and the possible non-renewal of its license.

FCC rules prohibit the broadcast by television and radio stations of indecent or profane material between the hours of 6:00 a.m. and 10:00 p.m. Beginning in March 2004, the FCC implemented a new policy regarding this prohibition and generally stepped up its enforcement of indecency violations. Under the new policy, the single use of certain forbidden expletives, or variations of those expletives, were deemed "indecent" and "profane." The FCC also warned broadcasters that serious multiple violations of the indecency prohibition could lead to license revocation proceedings, and that fines could be imposed for each incident in a single broadcast. Under the new FCC policy, both complaints about indecency and FCC enforcement actions have increased, and several complaints alleging the broadcast of alleged indecent or profane material by Fox Television Stations are pending at the FCC. The law currently authorizes the FCC to impose fines of up to $350,000 per incident for violation of the prohibition against indecent and profane broadcasts.

On March 15, 2006, the FCC determined that the 2002 and 2003 Billboard Music Awards programs, both live broadcasts on FOX, violated the prohibitions against indecent and profane broadcasts because they contained isolated uses of the forbidden expletives. On June 21, 2012, the Supreme Court decided that the FCC failed to give FOX fair notice that the isolated use of expletives could violate the indecency prohibition and therefore the Commission's standards as applied to the broadcasts in question were unconstitutionally vague. The Court vacated the violations for the Billboard Music Awards broadcasts. On April 1, 2013, the FCC announced it had reduced the backlog of pending indecency complaints and would focus its enforcement on "egregious" cases. The FCC also sought public comment on whether its indecency policies should be altered in light of the Supreme Court's decision. It is not possible to predict

the outcome of the FCC's inquiry or how it will enforce its indecency rules in the future.

On February 22, 2008, the FCC issued an order imposing forfeitures of $7,000 each on 13 FOX Affiliates, including five stations owned and operated by the Company, on the grounds that an April 7, 2003 episode of the program Married by America violated the prohibition against indecent broadcasts. On April 4, 2008, the United

States commenced an action in federal district court in the District of Columbia against the five Company-owned stations to collect the forfeitures imposed by the FCC. In 2012, the government voluntarily dismissed this collection action. The Company subsequently petitioned the FCC to vacate the forfeitures against the Company and other FOX stations that had been found to have violated the indecency prohibition. The petition remains pending and it is not possible to predict the timing or outcome of FCC action.

Modifications to the Company's programming to reduce the risk of indecency violations could have an adverse effect on the competitive position of Fox Television Stations and FOX. If indecency regulation is extended to cable and satellite programming, and such extension was found to be constitutional, some of the Company's cable programming services could be subject to additional regulation that might affect subscription and viewership levels.

The FCC continues to enforce strictly its regulations concerning political advertising, children's television, environmental concerns, equal employment opportunity, technical operating matters and antenna tower maintenance. FCC rules require the closed captioning of almost all broadcast and cable programming. A federal law enacted in late 2010 requires affiliates of the four largest broadcast networks in the 25 largest markets to carry 50 hours of prime time or children's programming per calendar quarter with video descriptions, i.e., a verbal description of key visual elements inserted into natural pauses in the audio and broadcast over a separate audio channel. Cable and satellite operators with 50,000 or more subscribers must do the same on each of the top five non-broadcast networks they carry. Compliance has been required since July 1, 2012 and, as of July 1, 2015, applies to FOX affiliates in the Top 60 markets. Fox News Channel, which from time to time has been among the top five non-broadcast networks, falls within the statutory exemption for "live or near-live" programming. In April 2016, the FCC proposed to expand its video description rules to require covered stations and networks to carry 87.5 hours of prime time or children's programming per calendar quarter with video descriptions. The FCC proposal also would require compliance by the top ten non-broadcast networks and would impose a no-backsliding rule such that networks would remain subject to the requirements even if they fall out of the top five or top ten ranking. It is not possible to predict the timing or outcome of the FCC's proposal. The same statute requires programming that was captioned on television to retain captions when distributed via Internet Protocol apps or services. Although not required by FCC regulation, the Company has committed to provide program ratings information for its broadcast network programming for use in conjunction with V-Chip technology, which blocks the display of television programming based on its rating. The Company has also agreed to make this ratings information available for all full-length entertainment programs that stream on websites the Company controls. FCC regulations governing network affiliation agreements mandate that television broadcast station licensees retain the right to reject or refuse network programming in certain circumstances or to substitute programming that the licensee reasonably believes to be of greater local or national importance. Violation of FCC regulations can result in substantial monetary forfeitures, periodic reporting conditions, short-term license renewals and, in egregious cases, denial of license renewal or revocation of license.

Filmed Entertainment

United States. TCFF is subject to the provisions of so-called "trade practice laws" in effect in 25 states relating to theatrical distribution of motion pictures. These laws substantially restrict the licensing of motion pictures unless theater owners are first invited to attend a screening of the motion pictures and, in certain instances, also prohibit payment of advances and guarantees to motion picture distributors by exhibitors. Further, pursuant to various consent judgments, TCFF and certain other motion picture companies are subject to certain restrictions on their trade practices in the United States, including a requirement to offer motion pictures for exhibition to theaters on a theater-by-theater basis and, in some cases, a prohibition against the ownership of theaters.

Other International Regulation. In countries outside of the United States, there are a variety of existing or contemplated governmental laws and regulations that may affect the ability of TCFF to distribute and/or license its motion picture and television products to cinema, television or in-home media, including copyright laws and

regulations that may or may not be adequate to protect its interests, cinema screen quotas, television quotas, contract term limitations, discriminatory taxes and other discriminatory treatment of U.S. products. The ability of countries to deny market access or refuse national treatment to products originating outside their territories is regulated under various international agreements, including the World Trade Organization's General Agreement on Tariffs and Trade and General Agreement on Trade and Services; however, these agreements have limited application with respect to preventing the denial of market access to audio-visual products originating outside the European Union.

Internet

The Children's Online Privacy Protection Act of 1998 ("COPPA") prohibits websites from collecting personally identifiable information online from children under age 13 without prior parental consent. The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 ("CAN-SPAM") regulates the distribution of unsolicited commercial emails, or "spam." The Video Privacy Protection Act ("VPPA") prohibits the knowing disclosure of information that identifies a person as having requested or obtained specific video materials from a "video tape service provider." Online services provided by the Company may be subject to COPPA, CAN-SPAM and VPPA requirements.

Federal regulators' interest in issues of privacy, cybersecurity and data security has been steadily increasing. On February 23, 2012, the Administration issued a white paper on consumer data privacy that includes a Consumer Privacy Bill of Rights. The Administration convened multi-stakeholder processes to implement the Bill of Rights through industry codes of conduct that would be enforceable by the Federal Trade Commission ("FTC") and State Attorneys General. The Administration also announced it would work with Congress to implement these rights through legislation and in February 2015 proposed a Consumer Privacy Bill of Rights Act. The first multi-stakeholder group focused on creation of a Do-Not-Track standard but no agreement was reached by the participants. On March 26, 2012, the FTC released a report on consumer privacy, which sets forth a detailed privacy framework and urges industry to accelerate the pace of adoption of self-regulatory measures, including more widespread adoption of a Do-Not-Track browser mechanism. The report also recommends that Congress consider baseline privacy legislation incorporating the principles articulated in the framework. In May 2014, additional reports were issued by the Administration and the FTC on Big Data and data brokers, and the Administration called for public comments on how developments related to "big data" impact the Consumer Privacy Bill of Rights.

A number of privacy and data security bills have been introduced in both Houses of Congress that address the collection, maintenance and use of personal information, web browsing and geolocation data, data security and breach notification requirements, and cybersecurity. Some state legislatures have already adopted legislation that regulates how businesses operate on the Internet, including measures relating to privacy, data security and data breaches. The industry released a set of self-regulatory online behavioral advertising principles in 2009, which have been implemented by web publishers, online advertisers and online advertising networks. These principles were extended in November 2011 to the use of online consumer data for purposes other than advertising, in July 2013 to the mobile environment and in November 2015 to cross-device tracking. It is unclear whether these and other industry self-regulatory efforts alone will address the concerns expressed by some federal and state officials about the collection of anonymous data online or via mobile applications to serve targeted content and advertising. It is not possible to predict whether proposed privacy and data security legislation will be enacted or to determine what effect such legislation might have on the Company's business.

Foreign governments are raising similar privacy and data security concerns. In particular, the EU has enacted a new General Data Protection Regulation ("GDPR") that will replace the current Data Protection Directive in May 2018. The GDPR will tighten regulation of the collection, use and security of online data and will continue to restrict the trans-border flow of data. Several European countries have issued new guidelines under the EU Cookie Directive that require robust disclosures and consumer choice before a user can be tracked online. European industry has implemented a self-regulatory regime for online behavioral advertising that is largely consistent with the U.S. self-regulatory framework. It is unclear how compliance with the GDPR will affect the Company's business. Canada, Australia, Russia and countries in South/Latin America and Asia are also strengthening their privacy laws and the enforcement of privacy and data security requirements.

The Company monitors pending legislation and regulatory initiatives to ascertain relevance, analyze impact and develop strategic direction surrounding regulatory trends and developments.

Intellectual Property

The Company's intellectual property assets include: copyrights in motion pictures, television programming, books, publications, websites and technologies; trademarks in names, logos and characters; domain names; patents or patent applications for inventions related to its products, business methods and/or services; and licenses of intellectual property rights of various kinds. The Company derives value from these assets through the theatrical

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release of films and the production, distribution and/or licensing of its films and television programming to domestic and international television and cable networks, pay television services, pay-per-view, video-on-demand services and DTH satellite services, operation of websites, and through the sale of products, such as DVDs, Blu-rays, books and publications, among others.

The Company devotes significant resources to protecting its intellectual property in the United States and other key foreign territories. To protect these assets, the Company relies upon a combination of copyright, trademark, unfair competition, patent, trade secret and other laws and contract provisions. However, there can be no assurance of the degree to which these measures will be successful in any given case. Policing unauthorized use of the Company's products and services and related intellectual property is often difficult and the steps taken may not in every case prevent the infringement by unauthorized third parties of the Company's intellectual property. The Company seeks to limit that threat through a combination of approaches, including offering legitimate market alternatives, deploying digital rights management technologies, pursuing legal sanctions for infringement, promoting appropriate legislative initiatives and international treaties and enhancing public awareness of the meaning and value of intellectual property and intellectual property laws. Piracy, including in the digital environment, continues to present a threat to revenues from products and services based on intellectual property.

Third parties may challenge the validity or scope of the Company's intellectual property from time to time, and such challenges could result in the limitation or loss of intellectual property rights. Irrespective of their validity, such claims may result in substantial costs and diversion of resources that could have an adverse effect on the Company's operations. Moreover, effective intellectual property protection may be either unavailable or limited in certain foreign territories. Therefore, the Company engages in efforts to strengthen and update intellectual property protection around the world, including efforts to ensure the effective enforcement of intellectual property laws and remedies for infringement.

ITEM 1A. RISK FACTORS

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

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

Technology, particularly digital technology used in the entertainment industry, continues to evolve rapidly, leading to alternative methods for the delivery and storage of digital content. These technological advancements have driven changes in consumer behavior and have empowered consumers to seek more control over when, where and how they consume digital content. Content owners are increasingly delivering their content directly to consumers over the Internet and innovations in distribution platforms have enabled consumers to view such Internet-delivered content on televisions and portable devices. The growth of direct to consumer video offerings, including video-on-demand offerings, as well as offerings by cable providers of smaller packages of programming to customers at price points lower than traditional cable distribution offerings could adversely affect demand for our cable channels. There is a risk that the Company's responses to these changes and strategies to remain competitive, or failure to effectively anticipate or adapt to new market changes, could adversely affect our business. In addition, enhanced Internet capabilities and other new media may reduce television viewership, the demand for DVDs and Blu-rays and the desire to see motion pictures in theaters, which could negatively affect the Company's revenues. The Company's failure to protect and exploit the value of its content, while responding to and developing new technology and business models to take advantage of advancements in technology and the latest consumer preferences, could have a significant adverse effect on the Company's businesses, asset values and results of operations.

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

Feature film and television production and distribution are speculative businesses since the revenues derived from the production and distribution of a feature film or television series depend primarily upon its acceptance by the public, which is difficult to predict. The commercial success of a feature film or television series also depends

upon the quality and acceptance of other competing films and television series released into the marketplace at or near the same time, the availability of a growing number of alternative forms of entertainment and leisure time activities, general economic conditions and their effects on consumer spending and other tangible and intangible factors, all of which can change and cannot be predicted with certainty. Further, the theatrical success of a feature film and the audience ratings for a television series are generally key factors in generating revenues from other distribution channels, such as home entertainment and premium pay television, with respect to feature films, and syndication, with respect to television series.

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

The sports rights contracts between the Company, on the one hand, and various professional sports leagues and teams, on the other, have varying duration and renewal terms. As these contracts expire, renewals on favorable terms may be sought; however, third parties may outbid the current rights holders for the rights contracts. In addition, professional sports leagues or teams may create their own networks or the renewal costs could substantially exceed the original contract cost. The loss of rights could impact the extent of the sports coverage offered by the Company and its affiliates, as it relates to FOX, and could adversely affect the Company's advertising and affiliate revenues. Upon renewal, the Company's results could be adversely affected if escalations in sports programming rights costs are unmatched by increases in advertising rates and, in the case of cable networks, subscriber fees.

A Decline in Advertising Expenditures Could Cause the Company's Revenues and Operating Results to Decline Significantly in any Given Period or in Specific Markets.

The Company derives substantial revenues from the sale of advertising on or in its television stations and broadcast and cable networks. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities. Demand for the Company's products is also a factor in determining advertising rates. For example, ratings points for the Company's television stations and broadcast and cable networks are factors that are weighed when determining advertising rates, and with respect to the Company's television stations and broadcast and television networks, when determining the affiliate rates received by the Company. In addition, newer technologies, including new video formats, streaming and downloading capabilities via the Internet, video-on-demand, personal video recorders and other devices and technologies are increasing the number of media and entertainment choices available to audiences. Some of these devices and technologies allow users to view television or motion pictures from a remote location or on a time-delayed basis and provide users the ability to fast-forward, rewind, pause and skip programming and advertisements. These technological developments which are increasing the number of media and entertainment choices available to audiences could negatively impact not only consumer demand for our content and services but also could affect the attractiveness of the Company's offerings to viewers, advertisers and/or distributors. Failure to effectively anticipate or adapt to emerging technologies or changes in consumer behavior could have an adverse effect on our business. Further, a decrease in advertising expenditures, reduced demand for the Company's offerings or the inability to obtain market ratings that adequately measure demand for the Company's content on personal video recorders and mobile devices could lead to a reduction in pricing and advertising spending, which could have an adverse effect on the Company's businesses and assets.

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

The Company's broadcast stations and cable networks maintain affiliation and carriage arrangements that enable them to reach a large percentage of cable and direct broadcast satellite households across the United States. The loss of a significant number of these arrangements or the loss of carriage on basic programming tiers could reduce the

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

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

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

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

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

The Company has taken, and will continue to take, a variety of actions to combat piracy and signal theft, both individually and, in some instances, together with industry associations. However, protection of the Company's

intellectual property rights is dependent on the scope and duration of the Company's rights as defined by applicable laws in the United States and abroad and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent or duration of the Company's rights, or if existing laws are changed, the Company's ability to generate revenue from intellectual property may decrease, or the cost of obtaining and enforcing our rights may increase. There can be no assurance that the Company's efforts to enforce its rights and protect its products, services and intellectual property will be successful in preventing content piracy or signal theft. Further, while piracy and technology tools continue to escalate, if any U.S. or international laws intended to combat piracy and protect intellectual property are repealed or weakened or not adequately enforced, or if the legal system

fails to evolve and adapt to new technologies that facilitate piracy, we may be unable to effectively protect our rights and the value of our intellectual property may be negatively impacted and our costs of enforcing our rights could increase.

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

The Company has significant operations in a number of foreign jurisdictions and certain of the Company operations are conducted in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. For example, in fiscal 2016, the U.S. dollar appreciated in relation to the Euro, the Canadian dollar, the Mexican Peso, the Brazilian Real, the Indian Rupee and the Pound Sterling. As a result, the Company is exposed to exchange rate fluctuations, which could have an adverse effect on its results of operations in a given period or in specific markets. Even though the Company uses foreign currency derivative instruments to hedge certain exposures to foreign currency exchange rate risks, the use of such derivative instruments may not be effective in reducing the adverse financial effects of unfavorable movements in foreign exchange rates. In addition, countries where we have operations, including in Latin America, may be determined in the future to be highly inflationary economies, requiring special accounting and financial reporting treatment for such operations.

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

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

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

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

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

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

The Company owns broadcast station licensees in connection with its ownership and operation of U.S. television stations. Under U.S. law, no broadcast station licensee may be owned by a corporation if more than 25% of its stock is owned or voted by non-U.S. persons, their representatives, or by any other corporation organized under the laws of a foreign country. The Company's Restated Certificate of Incorporation authorizes the Board of Directors to prevent, cure or mitigate the effect of stock ownership above the applicable foreign ownership threshold by taking any action including: refusing to permit any transfer of common stock to or ownership of common stock

by a non-U.S. stockholder; voiding a transfer of common stock to a non-U.S. stockholder; suspending rights of stock ownership if held by a non-U.S. stockholder; or redeeming common stock held by a non-U.S. stockholder. In order to maintain compliance with U.S. law, during fiscal 2016, the Company had suspended 10% of the voting rights of the Class B Common Stock held by non-U.S. stockholders. In August 2016, the Company eliminated the suspension of voting rights of shares of Class B Common Stock and remains in compliance with applicable U.S. law. The Company continues to monitor its foreign ownership based on its assessment of the information reasonably available to it, but it is not able to predict whether it will need to reinstate the suspension or whether additional action pursuant to its Restated Certificate of Incorporation may be necessary. The FCC could review the Company's compliance with applicable U.S. law in connection with its consideration of the Company's renewal applications for licenses to operate the broadcast stations the Company owns.

The Company Could Be Subject to Significant Additional Tax Liabilities.

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

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

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

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

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

The Company's businesses, financial condition and results of operations may be adversely affected by weak domestic and global economic conditions. Factors that affect economic conditions include the rate of unemployment, the level

of consumer confidence and changes in consumer spending habits. The Company also faces risks, including currency volatility and the stability of global local economies, associated with the impact of weak domestic and global economic conditions on advertisers, affiliates, suppliers, wholesale distributors, retailers, insurers, theater operators and others with which it does business.

Increased volatility and disruptions in the financial markets could make it more difficult and more expensive for the Company to refinance outstanding indebtedness and obtain new financing. Disruptions in the financial markets can also adversely affect the Company's lenders, insurers, customers and counterparties, including vendors,

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS
None.

ITEM 2. PROPERTIES
The Company owns and leases various real properties in North America, South America, Europe, Australia and Asia that are utilized in the conduct of its businesses. Each of these properties is considered to be in good condition, adequate for its purpose and suitably utilized according to the individual nature and requirements of the relevant operations. The Company's policy is to improve and replace property as considered appropriate to meet the needs of the individual operation.

North America

The Company's principal real properties in North America are the following:

(a) The Fox Studios Lot, in Los Angeles, California, owned by the Company, containing sound stages, production facilities, administrative, technical and dressing room structures, screening theaters and machinery, equipment facilities and four restaurants;
(b) The leased office space at Fox Plaza, located adjacent to the Fox Studios Lot, in Los Angeles, California;
(c) The leased and owned U.S. headquarters of the Company, located in New York, New York which includes home offices for Fox News and Fox Television Stations and various other operations;
(d) The leased office and production facilities of Blue Sky Studios in Greenwich, Connecticut;
(e) The leased and owned offices of FSN, Inc. at various locations for studio sports broadcasting;
(f) The leased and owned facilities of Fox Television Stations at various locations; and
(g) The leased sports broadcasting and production facility of FNG Latin America in Mexico City, Mexico.

South America

The Company's principal real properties in South America are the following:

(a) The owned broadcasting and transmission facility of FNG Latin America in Buenos Aires, Argentina; and
(b) The owned sports broadcasting and production facility of FNG Latin America in Rio de Janeiro, Brazil.

Europe

The Company's principal real property in Europe is the leased office and theater space of TCFF and FNG Europe and Africa in London, England.

Australia and Asia

The Company's principal real properties in Australia and Asia are the following:

(a) The leased Fox Studios Australia Lot in Sydney, Australia, containing sound stages, production facilities and administrative, technical, dressing room and personnel support services structures;
(b) The leased premises in Hong Kong and other Asian cities used by FNG Asia and Middle East for its television broadcasting and programming operations; and
(c) The leased and owned premises in Mumbai, India used by STAR India for its corporate office and programming operations.

ITEM 3. LEGAL PROCEEDINGS

Shareholder Litigation

Southern District of New York

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

Other

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Twenty-First Century Fox's Class A Common Stock and Class B Common Stock are listed and traded on the NASDAQ Global Select Market ("NASDAQ") under the symbols "FOXA" and "FOX", respectively. As of June 30, 2016, there were approximately 33,700 holders of record of shares of Class A Common Stock and 10,800 holders of record of shares of Class B Common Stock.

The following table sets forth, for the fiscal periods indicated, the reported high and low sales prices for Class A Common Stock and Class B Common Stock as reported on NASDAQ:

	Class B Common Stock			Class A Common Stock		
	High	Low	Dividend[(a)]	High	Low	Dividend[(a)]
Fiscal Year Ended June 30, 2015:						
First Quarter	$35.28	$31.03	$ 0.125	$36.30	$31.30	$ 0.125
Second Quarter	37.50	30.71	-	39.01	31.77	-
Third Quarter	36.52	31.78	0.150	37.85	32.80	0.150
Fourth Quarter	34.43	31.88	-	34.65	32.26	-
2016:						
First Quarter	33.52	25.41	0.150	34.49	25.19	0.150
Second Quarter	31.50	27.23	-	31.28	27.07	-
Third Quarter	28.21	24.21	0.150	28.23	24.14	0.150
Fourth Quarter	30.93	26.26	-	31.06	26.37	-

(a) Cash dividend declared per share.

The timing and amount of cash dividends, if any, is determined by the Company's Board of Directors (the "Board"). Subsequent to June 30, 2016, the Company announced a 20% increase to its dividend, declaring a semi-annual dividend of $0.18 per share on both the Class A Common Stock and the Class B Common Stock, resulting in a prospective annual dividend of $0.36 per share. The dividend declared is payable on October 19, 2016 with a record date for determining dividend entitlements of September 14, 2016.

The Board has authorized a stock repurchase program, under which the Company is authorized to acquire Class A Common Stock. The remaining amount as of June 30, 2016 under the Company's $5 billion authorization approved by the Board in August 2015, excluding commissions, was approximately $650 million and, as of August 10, 2016, the remaining amount was approximately $400 million. In August 2016, the Board authorized the repurchase of an additional $3 billion of Class A Common Stock, excluding commissions. The Company does not have a timeframe over which the buyback authorization is expected to be completed.

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

Below is a summary of the Company's repurchases of its Class A Common Stock during the fiscal year ended June 30, 2016:

	Total number of shares repurchased	Average price per share	Total cost of repurchase (in millions)
Total first quarter fiscal 2016	65,843,217	$ 29.95	$ 1,972
Total second quarter fiscal 2016	44,823,260	28.82	1,292
Total third quarter fiscal 2016	27,902,602	26.66	744
Fourth quarter repurchases:			
April	10,539,967	29.70	$ 313
May	2,486,623	29.76	74
June	20,620,225	28.47	587
Total fourth quarter fiscal 2016	33,646,815		$ 974
Total fiscal 2016	172,215,894		$ 4,982

The Company did not repurchase any of its Class B Common Stock during the fiscal year ended June 30, 2016.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data should be read in conjunction with "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8 - Financial Statements and Supplementary Data" and the other financial information included elsewhere herein.

	For the years ended June 30,				
	2016[(a)]	2015[(a)]	2014[(a)]	2013[(b)]	2012[(c)]
	(in millions, except per share data)				
STATEMENT OF OPERATIONS DATA:					
Revenues	$27,326	$28,987	$31,867	$27,675	$25,051
Income from continuing operations attributable to Twenty-First Century Fox, Inc. stockholders	2,763	8,373	3,785	6,820	3,176
Net income attributable to Twenty-First Century Fox, Inc. stockholders	2,755	8,306	4,514	7,097	1,179
Income from continuing operations attributable to Twenty-First Century Fox, Inc. stockholders per share - basic	$1.42	$3.94	$1.67	$2.91	$1.27
Income from continuing operations attributable to Twenty-First Century Fox, Inc. stockholders per share - diluted	$1.42	$3.93	$1.67	$2.91	$1.27
Net income attributable to Twenty-First Century Fox, Inc. stockholders per share - basic	$1.42	$3.91	$1.99	$3.03	$0.47
Net income attributable to Twenty-First Century Fox, Inc. stockholders per share - diluted	$1.42	$3.90	$1.99	$3.03	$0.47
Cash dividend per share	$0.300	$0.275	$0.250	$0.170	$0.180

	As of June 30,				
	2016	2015	2014	2013	2012
	(in millions)				
BALANCE SHEET DATA:					
Cash and cash equivalents	$4,424	$8,428	$5,415	$6,659	$9,626
Total assets	48,365	50,039	54,793	50,944	56,663
Borrowings	19,725	19,039	19,058	16,458	15,455
Twenty-First Century Fox, Inc. stockholders' equity	13,661	17,220	17,418	16,998	24,684

(a) See Notes 2, 3, 4, 5, 6, 7 and 22 to the accompanying Consolidated Financial Statements of Twenty-First Century Fox, Inc. for information with respect to significant acquisitions, disposals, discontinued operations, accounting changes, impairment charges, restructuring charges and other transactions during fiscal 2016, 2015 and 2014.

(b) In fiscal 2013, the Company acquired additional shares of Sky Deutschland AG ("Sky Deutschland") increasing the Company's ownership interest to approximately 55%. As a result of this transaction, the carrying amount of the Company's previously held equity interest in Sky Deutschland was revalued to fair value as of the acquisition date, resulting in a gain of approximately $2.1 billion. Also, during fiscal 2013, the Company sold its 49% investment in NDS Group Limited to Cisco Systems Inc. for approximately $1.9 billion. The Company recorded a gain of approximately $1.4 billion on this transaction. Additionally, the Company completed the separation of its business into two independent publicly traded companies (the "Separation") by distributing to its stockholders all of the

outstanding shares of the new News Corporation (“News Corp”). Effective June 28, 2013, the Separation qualified for discontinued operations treatment in accordance with ASC 205-20, “Discontinued Operations.” The Company distributed approximately $2.4 billion to News Corp.

(c) In fiscal 2012, the Company recorded a goodwill impairment charge of $201 million as a result of an impairment assessment performed on the Digital Media Group reporting unit. Also, during fiscal 2012, the Company recorded non-cash impairment charges of approximately $2.6 billion ($2.2 billion, net of tax) related to discontinued operations consisting of a write-down in goodwill of approximately $1.3 billion and a write-down of the indefinite-lived intangible assets (primarily newspaper mastheads and distribution networks) of approximately $1.3 billion.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

INTRODUCTION

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

- Overview of the Company's Business - This section provides a general description of the Company's businesses, as well as developments that occurred either during the fiscal year ended June 30, ("fiscal") 2016 or early fiscal 2017 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 fiscal 2016, 2015 and 2014. This analysis is presented on both a consolidated and a segment basis. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed.
- Liquidity and Capital Resources - This section provides an analysis of the Company's cash flows for fiscal 2016, 2015 and 2014, as well as a discussion of the Company's outstanding debt and commitments, both firm and contingent, that existed as of June 30, 2016. 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.
- Critical Accounting Policies - This section discusses accounting policies considered important to the Company's financial condition and results of operations, and which require significant judgment and estimates on the part of management in application. In addition, Note 2 to the accompanying Consolidated Financial Statements of Twenty-First Century Fox summarizes the Company's significant accounting policies, including the critical accounting policy discussion found in this section.

OVERVIEW OF THE COMPANY'S BUSINESS

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

- Cable Network Programming, which principally consists of the production and licensing of programming distributed primarily through cable television systems, direct broadcast satellite operators, telecommunication companies and online video distributors in the United States ("U.S.") and internationally.
- Television, which principally consists of the broadcasting of network programming in the U.S. and the operation of 28 full power broadcast television stations, including 11 duopolies, in the U.S. (of these stations, 17 are affiliated with the FOX Broadcasting Company ("FOX"), 10 are affiliated with Master Distribution Service, Inc. ("MyNetworkTV") and one is an independent station).
- Filmed Entertainment, which principally consists of the production and acquisition of live-action and animated motion pictures for distribution and licensing in all formats in all entertainment media worldwide, and the production and licensing of television programming worldwide.
- Direct Broadcast Satellite Television, which consisted of the distribution of programming services via satellite, cable and broadband directly to subscribers in Italy, Germany and Austria. The Direct Broadcast Satellite Television ("DBS") segment consisted entirely of the operations of Sky Italia and Sky Deutschland AG ("Sky Deutschland") (collectively, the "DBS businesses"). On November 12, 2014, Twenty-First Century Fox completed the sale of Sky Italia and its 57% interest in Sky Deutschland to Sky plc ("Sky") (See Note 3 – Acquisitions, Disposals and Other Transactions to the accompanying Consolidated Financial Statements of Twenty-First Century Fox under the heading "Sky Italia and Sky Deutschland"). Sky is a pan-European digital television provider, which operates in Italy, Germany, Austria, the United Kingdom and Ireland.
- Other, Corporate and Eliminations, which principally consists of corporate overhead and eliminations and other businesses.

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

Cable Network Programming and Television

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

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

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

The most significant operating expenses of the Cable Network Programming segment and the Television segment are the acquisition and production expenses related to programming, marketing and promotional expenses, and the expenses related to operating the technical facilities of the cable network or broadcaster. Marketing and promotional expenses relate to improving the market visibility and awareness of the cable network or broadcaster

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and its programming. Additional expenses include sales commissions paid to the in-house advertising sales force, as well as salaries, employee benefits, rent and other routine overhead expenses.

The profitability of U.S. national sports contracts and certain international sports rights agreements is based on the Company's best estimates at June 30, 2016 of attributable revenues and costs; such estimates may change in the future and such changes may be significant. Should revenues decline from estimates applied at June 30, 2016, additional amortization of rights may be recognized. Should revenues improve as compared to estimated revenues, the Company may have improved results related to the contract, which may be recognized over the remaining contract term.

Filmed Entertainment

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

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

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

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

include salaries, employee benefits, rent and other routine overhead expenses.

Other Business Developments

See Note 3 – Acquisitions, Disposals and Other Transactions, under the heading “Fiscal 2016”, and Note 7 – Investments, under the heading “Other”, to the accompanying Consolidated Financial Statements of Twenty-First Century Fox for a discussion of the Company’s business developments.

RESULTS OF OPERATIONS

Results of Operations—Fiscal 2016 versus Fiscal 2015

The following tables set forth the Company's operating results for fiscal 2016, as compared to fiscal 2015, including presentation of Revenues by component excluding the DBS segment and related intersegment eliminations.

	For the years ended June 30,		
	2016	2015	% Change
	(in millions, except %)		
Revenues:			
Affiliate fees	$11,221	$10,353	8 %
Subscription	-	1,964	(100)%
Advertising	7,659	7,609	1 %
Content	7,949	8,677	(8)%
Other	497	384	29 %
Total revenues	27,326	28,987	(6)%
Operating expenses	(17,129)	(18,561)	(8)%
Selling, general and administrative	(3,675)	(3,784)	(3)%
Depreciation and amortization	(530)	(736)	(28)%
Equity (losses) earnings of affiliates	(34)	904	**
Interest expense, net	(1,184)	(1,198)	(1)%
Interest income	38	39	(3)%
Other, net	(658)	4,196	**
Income from continuing operations before income tax expense	4,154	9,847	(58)%
Income tax expense	(1,130)	(1,243)	(9)%
Income from continuing operations	3,024	8,604	(65)%
Loss from discontinued operations, net of tax	(8)	(67)	(88)%
Net income	3,016	8,537	(65)%
Less: Net income attributable to noncontrolling interests	(261)	(231)	13 %
Net income attributable to Twenty-First Century Fox stockholders	$2,755	$8,306	(67)%

	For the years ended June 30,		
	2016	2015	% Change
	(in millions, except %)		
Revenues (excluding Direct Broadcast Satellite Television):			
Affiliate fees	$11,221	$10,396	8 %
Advertising	7,659	7,503	2 %
Content	7,949	8,700	(9)%
Other	497	353	41 %

Adjusted total revenues	27,326	26,952	1 %
Direct Broadcast Satellite Television, net of eliminations	-	2,035	(100)%
Total revenues	$27,326	$28,987	(6)%

** not meaningful

Overview – The Company’s revenues decreased 6% for fiscal 2016, as compared to fiscal 2015. The changes in revenues were primarily due to the effect of the sale of the DBS businesses in November 2014. Excluding the activity of the DBS businesses, the Company’s revenues increased 1% for fiscal 2016, as compared to fiscal 2015, primarily due to higher affiliate fee and advertising revenues partially offset by lower content revenue. The increase

in affiliate fee revenue was primarily due to higher average rates per subscriber across most channels, and the increase in advertising revenue was led by higher pricing at Fox News Channel (“Fox News”) and increases at the international cable channels. The decrease in content revenue was primarily attributable to lower worldwide home entertainment and theatrical revenues and the effect of the disposition of Shine Group in December 2014. The strengthening of the U.S. dollar against local currencies resulted in a revenue decrease of approximately $725 million for fiscal 2016, as compared to fiscal 2015.

Operating expenses decreased 8% for fiscal 2016, as compared to fiscal 2015, primarily due to the sale of the DBS businesses in November 2014 and Shine Group in December 2014 partially offset by higher operating expenses at the Cable Network Programming and Television segments.

Selling, general and administrative expenses decreased 3% for fiscal 2016, as compared to fiscal 2015, primarily due to the sale of the DBS businesses and Shine Group partially offset by higher selling, general and administrative expenses at the Cable Network Programming segment.

Depreciation and amortization, including the amortization of acquired identifiable intangible assets, decreased 28% for fiscal 2016, as compared to fiscal 2015, primarily due to lower depreciation and amortization as a result of the sale of the DBS businesses.

Equity (losses) earnings of affiliates – Equity (losses) earnings of affiliates decreased $938 million for fiscal 2016, as compared to fiscal 2015, primarily due to lower results at Sky. Included in Sky’s results for fiscal 2015 was the Company’s proportionate share of approximately $790 million of Sky’s gains related to the sale of its investments in NGC Network International, LLC and NGC Network Latin America, LLC (collectively, “NGC International”), Sky Betting & Gaming (“Sky Bet”) and ITV plc. Also contributing to this decrease were lower results at Endemol Shine CORE Joint Venture (See Note 3 – Acquisitions, Disposals and Other Transactions to the accompanying Consolidated Financial Statements of Twenty-First Century Fox under the heading “Shine Group”) and Hulu LLC. Endemol Shine CORE Joint Venture’s results for fiscal 2016 include the Company’s proportionate share related to the loss on deconsolidation of a subsidiary and other impairment charges of approximately $95 million (See Note 7 – Investments to the accompanying Consolidated Financial Statements of Twenty-First Century Fox under the heading “Other Equity Affiliates”).

	For the years ended June 30,		
	2016	2015	% Change
	(in millions, except %)		
Sky	$383	$1,139	(66)%
Other equity affiliates	(417)	(235)	(77)%
Equity (losses) earnings of affiliates	$(34)	$904	**

** not meaningful

Interest expense, net – Interest expense decreased $14 million for fiscal 2016, as compared to fiscal 2015, primarily due to the effect of the amendment to the Yankees Entertainment and Sports Network (the “YES Network”) credit agreement in fiscal 2015 (as described in Note 11 – Borrowings to the accompanying Consolidated Financial

Statements of Twenty-First Century Fox under the heading "Bank loans") partially offset by higher average debt outstanding as a result of the issuance in October 2015 of $600 million of 3.70% Senior Notes due 2025 and $400 million of 4.95% Senior Notes due 2045.

Other, net –

	For the years ended June 30,	
	2016	2015
	(in millions)	
Gain on disposition of DBS businesses	$-	$4,984
Restructuring	(231)	(232)
Investment impairment losses	(99)	(4)
Impairment charges	(92)	(270)
Settlement loss on pension liabilities	(75)	(245)
Acquisition related costs	(69)	-
Loss on exit of MundoFox investment	(12)	(85)
Gain on disposition of Shine Group	-	58
Venezuela foreign currency devaluation	-	(28)
Other	(80)	18
Total other, net	$(658)	$4,196

For additional details on Other, net, see Note 22 – Additional Financial Information to the accompanying Consolidated Financial Statements of Twenty-First Century Fox under the heading “Other, net”.

Income tax expense – The Company’s tax provision and related effective tax rate of 27% for fiscal 2016 was lower than the statutory rate of 35% primarily due to a 3% rate reduction from the Company’s foreign operations and a 4% rate reduction from increased tax amortization deductions for certain film and television properties as a result of a ruling that was received by the Company. In addition, increases in the net provision for uncertain tax positions were substantially offset by the final settlement of a foreign matter.

The Company’s tax provision and related effective tax rate of 13% for fiscal 2015 was lower than the statutory rate of 35% primarily due to the income tax benefits associated with the reversal of previously recorded valuation allowances related to capital loss carryforwards and foreign tax credit carryforwards utilized to offset the income tax liability from the disposition of the DBS businesses. The reversal of the valuation allowance yielded an aggregate income tax benefit of 17% for the year. The Company also recognized a benefit of approximately 3% associated with the recognition of various tax benefits. These benefits primarily related to the reversal of additional valuation allowances related to the Company’s foreign tax credit carryforwards as the Company separately determined that it was more likely than not that the Company would utilize these credit carryforwards before they expire.

Net income – Net income decreased for fiscal 2016, as compared to fiscal 2015, primarily due to the comparative effect of the gain on the sale of the DBS businesses in November 2014 and a decrease in equity (losses) earnings of affiliates.

Results of Operations—Fiscal 2015 versus Fiscal 2014

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

	For the years ended June 30,		
	2015	2014	% Change
	(in millions, except %)		
Revenues:			
Affiliate fees	$10,353	$8,984	15 %
Subscription	1,964	5,467	(64)%
Advertising	7,609	8,218	(7)%
Content	8,677	8,596	1 %
Other	384	602	(36)%
Total revenues	28,987	31,867	(9)%
Operating expenses	(18,561)	(21,108)	(12)%
Selling, general and administrative	(3,784)	(4,129)	(8)%
Depreciation and amortization	(736)	(1,142)	(36)%
Equity earnings of affiliates	904	622	45 %
Interest expense, net	(1,198)	(1,121)	7 %
Interest income	39	26	50 %
Other, net	4,196	174	**
Income from continuing operations before income tax expense	9,847	5,189	90 %
Income tax expense	(1,243)	(1,272)	(2)%
Income from continuing operations	8,604	3,917	**
(Loss) income from discontinued operations, net of tax	(67)	729	**
Net income	8,537	4,646	84 %
Less: Net income attributable to noncontrolling interests	(231)	(132)	75 %
Net income attributable to Twenty-First Century Fox stockholders	$8,306	$4,514	84 %

	For the years ended June 30,		
	2015	2014	% Change
	(in millions, except %)		
Revenues (excluding Direct Broadcast Satellite Television):			
Affiliate fees	$10,396	$9,108	14 %
Advertising	7,503	7,870	(5)%
Content	8,700	8,665	-
Other	353	419	(16)%
Adjusted total revenues	26,952	26,062	3 %
Direct Broadcast Satellite Television, net of eliminations	2,035	5,805	(65)%

Total revenues	$28,987	$31,867	(9)%

** not meaningful

Overview – The Company’s revenues decreased 9% for fiscal 2015, as compared to fiscal 2014. The changes in revenues were primarily due to the effect of the sale of the DBS businesses in November 2014. Excluding the activity of the DBS businesses, the Company’s revenues increased 3% for fiscal 2015, as compared to fiscal 2014, primarily due to higher affiliate fee revenue partially offset by a decrease in advertising revenue. The increase in affiliate fee revenue was primarily attributable to higher average rates per subscriber across most channels and the

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effect of the acquisition of the majority interest in the YES Network in February 2014. The decrease in advertising revenue for fiscal 2015 was primarily due to the comparative effect of the broadcast of Super Bowl XLVIII in February 2014 and lower general entertainment primetime ratings at FOX. The strengthening of the U.S. dollar against local currencies resulted in a revenue decrease of approximately $625 million for fiscal 2015, as compared to fiscal 2014.

Operating expenses decreased 12% for fiscal 2015, as compared to fiscal 2014, primarily due to the sale of the DBS businesses in November 2014 partially offset by increases at the Cable Network Programming segment. During fiscal 2015, operating expenses at the Cable Network Programming segment increased approximately $1 billion primarily due to higher programming costs including STAR Sports' broadcast of the International Cricket Council ("ICC") Cricket World Cup matches, Fox Sports 1's ("FS1") inaugural broadcast of Major League Baseball ("MLB") regular season and playoff games and the continued investment in new shows at FX Networks suite of channels ("FX").

Selling, general and administrative expenses decreased 8% for fiscal 2015, as compared to fiscal 2014, primarily due to the sale of the DBS businesses in November 2014 partially offset by increases at the Cable Network Programming segment of approximately $255 million. The increase at the Cable Network Programming segment for fiscal 2015 was primarily due to transaction losses on foreign currency exchange movements at Fox Networks Group International ("FNG International"), the continued investment in STAR's sports and general entertainment channels and the effect of the acquisitions of the majority interest in the YES Network in February 2014 and true[X] in February 2015.

Depreciation and amortization, including the amortization of acquired identifiable intangible assets, decreased 36% for fiscal 2015, as compared to fiscal 2014, primarily due to lower depreciation and amortization as a result of the sale of the DBS businesses. These decreases were partially offset by the amortization of acquired identifiable intangible assets resulting from the acquisition of the majority interest in the YES Network in February 2014.

Equity earnings of affiliates – Equity earnings of affiliates increased $282 million for fiscal 2015, as compared to fiscal 2014. The increase was due to higher results at Sky which included the Company's proportionate share of approximately $790 million of gains related to the sale of Sky's investments in Sky Bet, ITV plc and NGC International. Partially offsetting these increases were the results at Endemol Shine CORE Joint Venture, an affiliate from December 2014 (See Note 3 – Acquisitions, Disposals and Other Transactions to the accompanying Consolidated Financial Statements of Twenty-First Century Fox under the heading "Shine Group"), lower results at Hulu LLC and the effect of the acquisition of the majority interest in the YES Network in February 2014.

	For the years ended June 30,		
	2015	2014	% Change
	(in millions, except %)		
Sky	$1,139	$619	84 %
Other equity affiliates	(235)	3	**
Equity earnings of affiliates	$904	$622	45 %

** not meaningful

Interest expense, net – Interest expense increased $77 million for fiscal 2015, as compared to fiscal 2014, primarily due to the higher average debt outstanding as a result of the debt consolidated in connection with the acquisition of the majority interest in the YES Network in February 2014, and subsequently modified in November 2014, and the issuance in September 2014 of $600 million of 3.70% Senior Notes due 2024 and $600 million of 4.75% Senior Notes due 2044.

Other, net –

	For the years ended June 30,	
	2015	2014
	(in millions)	
Gain on disposition of DBS businesses	$4,984	$-
Gain on disposition of Shine Group	58	-
Impairment charges	(270)	-
Settlement loss on pension liabilities	(245)	-
Restructuring	(232)	(52)
Loss on exit of MundoFox investment	(85)	-
Venezuela foreign currency devaluation	(28)	(104)
Investment impairment losses	(4)	(69)
Gain on sale of investment in Phoenix	-	199
Gain on sale of investment in STATS	-	112
Shareholder litigation settlement	-	111
Other	18	(23)
Total other, net	$4,196	$174

For additional details on Other, net, see Note 22 – Additional Financial Information to the accompanying Consolidated Financial Statements of Twenty-First Century Fox under the heading “Other, net”.

Income tax expense – The Company’s tax provision and related effective tax rate of 13% for fiscal 2015 was lower than the statutory rate of 35% primarily due to the income tax benefits associated with the reversal of previously recorded valuation allowances related to capital loss carryforwards and foreign tax credit carryforwards utilized to offset the income tax liability from the disposition of the DBS businesses. The reversal of the valuation allowance yielded an aggregate income tax benefit of 17% for the year. The Company also recognized a benefit of approximately 3% associated with the recognition of various tax benefits. These benefits primarily related to the reversal of additional valuation allowances related to the Company’s foreign tax credit carryforwards as the Company separately determined that it was more likely than not that the Company would utilize these credit carryforwards before they expire.

The Company’s tax provision and related effective tax rate of 25% for fiscal 2014 was lower than the statutory rate of 35% primarily due to a 7% rate reduction from our foreign operations due to tax credits and deductions arising from a corporate restructuring as well as the effect of income attributable to noncontrolling interests. The balance of the difference in the rate was primarily attributable to the Company’s ability to utilize the domestic production activities deduction and the recognition of a deferred tax asset for additional tax basis.

(Loss) income from discontinued operations, net of tax – For fiscal 2015, the Company recorded a loss from discontinued operations of $67 million as compared to income of $729 million in fiscal 2014. The change was primarily due to the recognition, in fiscal 2014, of a tax reimbursement paid to News Corporation (“News Corp”) and then transferred to the Company in accordance with the tax sharing and indemnification agreement entered into at the time of the Separation. Prior to the Separation, a subsidiary of News Corp had filed for tax reimbursement in a foreign jurisdiction (See Note 4 – Discontinued Operations to the accompanying Consolidated Financial Statements of Twenty-First Century Fox for further discussion).

Net income – Net income increased for fiscal 2015, as compared to fiscal 2014, primarily due to the gain on the sale of the DBS businesses in November 2014.

Net income attributable to noncontrolling interests – The change in Net income attributable to noncontrolling interests for fiscal 2015, as compared to fiscal 2014, was primarily due to the effect of the sale of the Company's interest in Sky Deutschland in November 2014.

Segment Analysis

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

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

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

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

Fiscal 2016 versus Fiscal 2015

The following table reconciles Total Segment OIBDA to Income from continuing operations before income tax expense for fiscal 2016, as compared to fiscal 2015.

	For the years ended June 30,		
	2016	2015	% Change
	(in millions, except %)		
Revenues	$27,326	$28,987	(6)%
Operating expenses	(17,129)	(18,561)	(8)%
Selling, general and administrative	(3,675)	(3,784)	(3)%
Amortization of cable distribution investments	75	80	(6)%
Total Segment OIBDA	6,597	6,722	(2)%
Amortization of cable distribution investments	(75)	(80)	(6)%
Depreciation and amortization	(530)	(736)	(28)%
Equity (losses) earnings of affiliates	(34)	904	**

Interest expense, net	(1,184)	(1,198)	(1)%
Interest income	38	39	(3)%
Other, net	(658)	4,196	**
Income from continuing operations before income tax expense	$4,154	$9,847	(58)%

**not meaningful

The following tables set forth the Company's Revenues and Segment OIBDA for fiscal 2016, as compared to fiscal 2015, including presentation of Revenues excluding the DBS segment and related intersegment eliminations.

	For the years ended June 30,		
	2016	2015	% Change
	(in millions, except %)		
Revenues:			
Cable Network Programming	$15,029	$13,773	9 %
Television	5,105	4,895	4 %
Filmed Entertainment	8,505	9,525	(11)%
Direct Broadcast Satellite Television	-	2,112	(100)%
Other, Corporate and Eliminations	(1,313)	(1,318)	-
Total revenues	27,326	28,987	(6)%
Less: Direct Broadcast Satellite Television, net of eliminations	-	(2,035)	(100)%
Adjusted total revenues	$27,326	$26,952	1 %

	For the years ended June 30,		
	2016	2015	% Change
	(in millions, except %)		
Segment OIBDA:			
Cable Network Programming	$5,145	$4,648	11 %
Television	744	718	4 %
Filmed Entertainment	1,085	1,445	(25)%
Direct Broadcast Satellite Television	-	234	(100)%
Other, Corporate and Eliminations	(377)	(323)	(17)%
Total Segment OIBDA	$6,597	$6,722	(2)%

Cable Network Programming (55% and 48% of the Company's consolidated revenues in fiscal 2016 and 2015, respectively)

For fiscal 2016, revenues at the Cable Network Programming segment increased $1.3 billion, or 9%, as compared to fiscal 2015, primarily due to higher affiliate fee, advertising and content and other revenues as shown below:

Fiscal 2016

% Increase

Affiliate fees	7	%
Advertising	7	%
Content and other	45	%

These revenue increases are net of a decrease of approximately $475 million for fiscal 2016, as compared to fiscal 2015, due to the strengthening of the U.S. dollar against local currencies, primarily in Latin America, Europe and India. For fiscal 2016, revenues related to the publishing, travel and certain other businesses (the “NGS Media Business”) acquired in November 2015 from the National Geographic Society (See Note 3 – Acquisitions, Disposals and Other Transactions to the accompanying Consolidated Financial Statements of Twenty-First Century Fox under the heading “National Geographic Partners”) were approximately $230 million.

Domestic affiliate fee revenue increased 8% for fiscal 2016, as compared to fiscal 2015, primarily due to higher average rates per subscriber across most channels led by FS1, FX, Fox News and the Regional Sports Networks (“RSNs”). Domestic advertising revenue increased 9% for fiscal 2016, as compared to fiscal 2015, primarily due to higher pricing at Fox News and Fox Business Network. Also contributing to the increase in domestic advertising revenue were additional broadcasts of the National Basketball Association (“NBA”), MLB and National Hockey League games at the RSNs and the effect of the acquisition of the NGS Media Business.

For fiscal 2016, international affiliate fee revenue and international advertising revenue each increased 3%, as compared to fiscal 2015. The increase in international affiliate fee revenue was the result of local currency growth led by additional subscribers and higher rates at FNG International and STAR India ("STAR"), partially offset by the adverse impact of the strengthening of the U.S. dollar against local currencies. The increase in international advertising revenue was the result of local currency increases at FNG International's general entertainment channels in Europe and Latin America and higher volume and pricing at STAR's general entertainment channels, partially offset by the adverse impact of the strengthening of the U.S. dollar against local currencies.

For fiscal 2016, content and other revenues increased 45%, as compared to fiscal 2015. The increase in content and other revenues was due to the effect of the acquisition of the NGS Media Business, increased revenues at the international sports channels related to the syndication of sports rights and the licensing of Outcast at FNG International.

For fiscal 2016, Segment OIBDA at the Cable Network Programming segment increased $497 million, or 11%, as compared to fiscal 2015, primarily due to the revenue increases noted above, partially offset by higher expenses of $759 million, or 8%, as compared to fiscal 2015. Operating expenses increased approximately $605 million for fiscal 2016, as compared to fiscal 2015, primarily due to higher sports programming rights, the acquisition of the NGS Media Business in November 2015, higher political coverage costs at Fox News and higher programming rights at the international entertainment channels. The increase in sports programming rights includes contractual rate increases for MLB and NBA rights at the RSNs, Ultimate Fighting Championship and MLB rights at FS1 and Conmebol soccer rights at FNG International partially offset by a decrease in sports programming costs at STAR as a result of the comparative effect of STAR's broadcast of the ICC Cricket World Cup matches in fiscal 2015. Selling, general and administrative expenses increased approximately $150 million for fiscal 2016, as compared to fiscal 2015, primarily due to the effect of the acquisitions of the NGS Media Business in November 2015 and trueX media inc. in February 2015 and higher personnel costs. The strengthening of the U.S. dollar against local currencies resulted in a Segment OIBDA decrease of approximately $220 million, as compared to fiscal 2015.

Television (19% and 17% of the Company's consolidated revenues in fiscal 2016 and 2015, respectively)

For fiscal 2016, revenues at the Television segment increased $210 million, or 4%, as compared to fiscal 2015, primarily due to higher affiliate fee and advertising revenues. Affiliate fee revenue increased 18% as a result of higher retransmission consent rates for fiscal 2016, as compared to fiscal 2015. Advertising revenue increased 1% for fiscal 2016, as compared to fiscal 2015, primarily due to higher sports and entertainment advertising revenues at FOX, partially offset by the comparative effect of the political advertising revenues related to the 2014 mid-term elections. Sports advertising revenue increased primarily due to higher pricing for the broadcasts of the National Football League ("NFL") regular season and the MLB World Series partially offset by the effect of fewer broadcasts of the NFL post season and the MLB World Series. Entertainment advertising revenue increased primarily due to higher pricing and increased non-linear advertising revenue, partially offset by lower ratings.

For fiscal 2016, Segment OIBDA at the Television segment increased $26 million, or 4%, as compared to fiscal 2015, primarily due to the revenue increases noted above, partially offset by higher expenses of $184 million, or 4%, as compared to fiscal 2015. Operating expenses increased approximately $135 million for fiscal 2016, as compared to fiscal 2015, primarily due to contractual rate increases for sports rights at FOX, including MLB and NFL rights.

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

For fiscal 2016, revenues at the Filmed Entertainment segment decreased $1.0 billion, or 11%, as compared to fiscal 2015, primarily due to the effect of the disposition of Shine Group in December 2014 and lower worldwide home entertainment and theatrical revenues from motion picture productions. Fiscal 2016 revenues included the worldwide theatrical and home entertainment releases of Deadpool and The Martian and the worldwide theatrical release of X-Men: Apocalypse, as compared to fiscal 2015, which included the worldwide theatrical, home entertainment and pay television releases of Dawn of the Planet of the Apes, Maze Runner and Gone Girl and the worldwide theatrical and home entertainment releases of How to Train Your Dragon 2, Kingsman: The Secret

Service and Night at the Museum: Secret of the Tomb. Also contributing to the decrease in revenue for fiscal 2016 were lower content revenues from television productions reflecting lower network and syndication revenue from the final seasons of Glee and Sons of Anarchy as well as the non-recurring domestic cable syndication sale of How I Met Your Mother in the prior year. The strengthening of the U.S. dollar against local currencies resulted in a revenue decrease of approximately $250 million for fiscal 2016, as compared to fiscal 2015.

For fiscal 2016, Segment OIBDA decreased $360 million, or 25%, primarily due to the revenue decreases noted above partially offset by lower expenses of $660 million, or 8%, as compared to fiscal 2015. Operating expenses decreased approximately $575 million for fiscal 2016, as compared to fiscal 2015, primarily due to the disposition of Shine Group, lower marketing and distribution costs resulting from the mix of home entertainment releases in the prior year as compared to the current year, and lower production amortization and participation costs related to motion picture productions. Selling, general and administrative expenses decreased approximately $85 million for fiscal 2016, compared to fiscal 2015, primarily due to the disposition of Shine Group. The strengthening of the U.S. dollar against local currencies resulted in a Segment OIBDA decrease of approximately $160 million, as compared to fiscal 2015.

In December 2014, the Company disposed of its interests in Shine Group by contributing it into Endemol Shine CORE Joint Venture. For fiscal 2015, revenue related to the Shine Group was approximately $350 million.

Fiscal 2015 versus Fiscal 2014

The following table reconciles Total Segment OIBDA to Income from continuing operations before income tax expense for fiscal 2015, as compared to fiscal 2014.

	For the years ended June 30,		
	2015	2014	% Change
	(in millions, except %)		
Revenues	$28,987	$31,867	(9)%
Operating expenses	(18,561)	(21,108)	(12)%
Selling, general and administrative	(3,784)	(4,129)	(8)%
Amortization of cable distribution investments	80	85	(6)%
Total Segment OIBDA	6,722	6,715	-
Amortization of cable distribution investments	(80)	(85)	(6)%
Depreciation and amortization	(736)	(1,142)	(36)%
Equity earnings of affiliates	904	622	45 %
Interest expense, net	(1,198)	(1,121)	7 %
Interest income	39	26	50 %
Other, net	4,196	174	**
Income from continuing operations before income tax expense	$9,847	$5,189	90 %

**not meaningful

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

	For the years ended June 30,		
	2015	2014	% Change
	(in millions, except %)		
Revenues:			
Cable Network Programming	$13,773	$12,273	12 %
Television	4,895	5,296	(8)%
Filmed Entertainment	9,525	9,679	(2)%
Direct Broadcast Satellite Television	2,112	6,030	(65)%
Other, Corporate and Eliminations	(1,318)	(1,411)	7 %
Total revenues	28,987	31,867	(9)%
Less: Direct Broadcast Satellite Television, net of eliminations	(2,035)	(5,805)	(65)%
Adjusted total revenues	$26,952	$26,062	3 %

	For the years ended June 30,		
	2015	2014	% Change
	(in millions, except %)		
Segment OIBDA:			
Cable Network Programming	$4,648	$4,407	5 %
Television	718	882	(19)%
Filmed Entertainment	1,445	1,358	6 %
Direct Broadcast Satellite Television	234	424	(45)%
Other, Corporate and Eliminations	(323)	(356)	9 %
Total Segment OIBDA	$6,722	$6,715	-

Cable Network Programming (48% and 39% of the Company's consolidated revenues in fiscal 2015 and 2014, respectively)

For fiscal 2015, revenues at the Cable Network Programming segment increased $1.5 billion, or 12%, as compared to fiscal 2014, primarily due to higher affiliate fee and advertising revenues as shown below:

Fiscal 2015
% Increase

Affiliate fees	13	%
Advertising	8	%

These revenue increases are net of a decrease of approximately $355 million for fiscal 2015, as compared to fiscal 2014, due to the strengthening of the U.S. dollar against local currencies.

Domestic affiliate fee revenue increased 17% for fiscal 2015, as compared to fiscal 2014. Approximately 60% of the increase for fiscal 2015 was due to higher average rates per subscriber across most channels led by FS1, the RSNs, Fox News and FX. The balance of the growth was primarily attributable to the effect of the acquisition of the majority interest in the YES Network in February 2014. Domestic advertising revenue increased 4% for fiscal 2015, as compared to fiscal 2014, primarily due to the effect of the acquisition of the majority interest in YES Network and strong advertising growth led by FS1's inaugural broadcast of MLB regular season and playoff games, higher pricing at Fox News and higher ratings at FX.

For fiscal 2015, international affiliate fee revenue increased 3%, as compared to fiscal 2014. The increase in international affiliate fee revenue was led by local currency growth, primarily at FNG International, as a result of additional subscribers and higher rates in Latin America and new affiliate agreements at STAR. For fiscal 2015, international advertising revenue increased 14%, as compared to fiscal 2014, primarily driven by higher ratings and

increased pricing at STAR's entertainment channels and the broadcast of the ICC Cricket World Cup matches on STAR Sports. The increase in international affiliate fee and advertising revenues in local currencies for fiscal 2015, as compared to fiscal 2014, was partially offset by the adverse impact of the strengthening of the U.S. dollar against local currencies, primarily in Latin America and Europe.

For fiscal 2015, Segment OIBDA at the Cable Network Programming segment increased $241 million, or 5%, as compared to fiscal 2014, primarily due to the revenue increases noted above, partially offset by higher expenses of $1,259 million, or 16%, as compared to fiscal 2014. Operating expenses increased approximately $1 billion for fiscal 2015, as compared to fiscal 2014. Approximately two-thirds of the increase during fiscal 2015 was due to the continued investment in new sports channels, including STAR Sports' broadcast of the ICC Cricket World Cup matches, new events broadcast on FS1, including MLB games and National Association of Stock Car Auto Racing ("NASCAR") Sprint Cup Series races, and the effect of the acquisition of the majority interest in the YES Network. The balance of the increase was primarily related to higher programming costs at FX and the RSNs. The increase at FX was a result of the continued investment in new shows, including the acquisition of The Simpsons, and at the RSNs as a result of contractual rate increases for professional sports rights. Selling, general and administrative expenses increased for fiscal 2015 by approximately $255 million, as compared to fiscal 2014, primarily due to transaction losses on foreign currency exchange movements at FNG International, the continued investment in STAR's sports and general entertainment channels and the effect of the acquisitions of the majority interest in the YES Network in February 2014 and true[X] in February 2015. The increase in Segment OIBDA for fiscal 2015, as compared to fiscal 2014, was net of decreases of approximately $220 million due to strengthening of the U.S. dollar against local currencies.

Television (17% of the Company's consolidated revenues in fiscal 2015 and 2014)

For fiscal 2015, revenues at the Television segment decreased $401 million, or 8%, as compared to fiscal 2014, primarily due to lower advertising revenue partially offset by higher affiliate fee revenue. Advertising revenue decreased 14% for fiscal 2015, as compared to fiscal 2014, primarily due to the comparative effect of revenues of approximately $350 million arising from the broadcast of Super Bowl XLVIII in February 2014. Also contributing to the decrease were lower general entertainment primetime ratings at FOX and the effect of fewer MLB League Championship playoff games and NASCAR Sprint Cup Series races being broadcast on FOX as the events were shifted to FS1. Partially offsetting these decreases were higher political advertising revenue related to the 2014 mid-term elections, higher rates for the broadcast of the NFL regular season and the broadcasts of the 2015 U.S. Open Golf Championship and the Fédération Internationale de Football Association ("FIFA") Women's World Cup events. Affiliate fee revenue increased as a result of higher retransmission consent rates for fiscal 2015, as compared to fiscal 2014.

For fiscal 2015, Segment OIBDA at the Television segment decreased $164 million, or 19%, as compared to fiscal 2014, primarily due to the revenue decreases noted above partially offset by lower expenses of $237 million, or 5%, as compared to fiscal 2014. Operating expenses decreased approximately $210 million for fiscal 2015, as compared to fiscal 2014, primarily due to the comparative effect of the broadcast of Super Bowl XLVIII and the effect of sporting events, mainly MLB League Championship playoff games, shifting from FOX to FS1. Partially offsetting these decreases were the effect of the new NFL broadcast agreement and the broadcasts of the 2015 U.S. Open Golf Championship and the FIFA Women's World Cup events.

Filmed Entertainment (33% and 30% of the Company's consolidated revenues in fiscal 2015 and 2014, respectively)

For fiscal 2015, revenues at the Filmed Entertainment segment decreased $154 million, or 2%, as compared to fiscal 2014. The decrease in revenues was primarily due to the effect of the disposition of Shine Group in December 2014 and lower network and syndication revenues from the licensing of television productions, including the effect of the

series finale of How I Met Your Mother in fiscal 2014, partially offset by higher worldwide theatrical, home entertainment and digital distribution revenues of motion picture productions. Fiscal 2015 revenues included the worldwide theatrical, home entertainment and pay television releases of Dawn of the Planet of the Apes, Maze Runner and Gone Girl, the worldwide theatrical and home entertainment releases of How to Train Your Dragon 2, Kingsman: The Secret Service and Night at the Museum: Secret of the Tomb, as compared to fiscal 2014, which included the worldwide theatrical releases of X-Men: Days of Future Past and Rio 2 and the worldwide theatrical,

home entertainment and pay television performance of The Wolverine and The Heat. Also contributing to the decrease in revenues was the strengthening of the U.S. dollar against local currencies of approximately $200 million for fiscal 2015, as compared to fiscal 2014.

For fiscal 2015, Segment OIBDA at the Filmed Entertainment segment increased $87 million, or 6%, as compared to fiscal 2014, primarily due to lower expenses of $241 million, or 3%, as compared to fiscal 2014. Operating expenses decreased approximately $160 million for fiscal 2015, as compared to fiscal 2014, primarily due to the disposition of Shine Group in December 2014 and lower amortization related to television productions partially offset by higher motion picture production amortization and participation costs. Selling, general and administrative expenses decreased for fiscal 2015 by approximately $80 million, as compared to fiscal 2014, primarily due to the disposition of Shine Group in December 2014. The increase in Segment OIBDA for fiscal 2015, as compared to fiscal 2014, was net of a decrease of approximately $130 million due to strengthening of the U.S. dollar against local currencies, primarily in Europe.

In December 2014, the Company disposed of its interests in Shine Group by contributing it into Endemol Shine CORE Joint Venture. For fiscal 2015, revenues and Segment OIBDA related to the Shine Group decreased approximately $600 million and $50 million, respectively, as compared to fiscal 2014.

Direct Broadcast Satellite Television (7% and 19% of the Company’s consolidated revenues in fiscal 2015 and 2014, respectively)

In November 2014, the Company sold its interests in Sky Italia and Sky Deutschland (See Note 3 – Acquisitions, Disposals and Other Transactions to the accompanying Consolidated Financial Statements of Twenty-First Century Fox under the heading “Sky Italia and Sky Deutschland”). As a result, for fiscal 2015, revenues and Segment OIBDA at the DBS segment decreased $3,918 million, or 65%, and $190 million, or 45%, respectively, as compared to fiscal 2014.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company’s principal source of liquidity is internally generated funds. The Company also has an unused $1.4 billion revolving credit facility, which expires in May 2020, and has access to various film co-financing alternatives to supplement its cash flows. In addition, the Company has access to the worldwide capital markets, subject to market conditions. As of June 30, 2016, the Company was in compliance with all of the covenants under the revolving credit facility, and it does not anticipate any violation of such covenants. The Company’s internally generated funds are highly dependent upon the state of the advertising markets and public acceptance of its film and television productions.

As of June 30, 2016, the Company’s consolidated assets included $4.4 billion in cash and cash equivalents, of which approximately $1 billion was held by the Company’s foreign subsidiaries. The Company earns income outside the U.S., which is deemed to be permanently reinvested in certain foreign jurisdictions. The Company does not currently intend nor foresee a need to repatriate these funds. Should the Company require more capital in the U.S. than is generated by or available to its domestic operations, the Company could elect to repatriate funds held in foreign jurisdictions which, for certain balances, may result in higher effective tax rates and higher cash paid for income taxes

for the Company.

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

In addition to the acquisitions, sales and possible acquisitions disclosed elsewhere, the Company has evaluated, and expects to continue to evaluate, possible acquisitions and dispositions of certain businesses. Such

transactions may be material and may involve cash, the Company's securities or the assumption of additional indebtedness.

Sources and Uses of Cash – Fiscal 2016 vs. Fiscal 2015

Net cash provided by operating activities for fiscal 2016 and 2015 was as follows (in millions):

For the years ended June 30,	2016	2015
Net cash provided by operating activities from continuing operations	$3,048	$3,617

The decrease in net cash provided by operating activities during fiscal 2016, as compared to fiscal 2015, primarily reflects a payment at the Cable Network Programming segment to the Board of Control for Cricket in India for contract termination costs related to a program rights contract for the Champions League Twenty20 cricket tournament through 2018.

Net cash (used in) provided by investing activities for fiscal 2016 and 2015 was as follows (in millions):

For the years ended June 30,	2016	2015
Net cash (used in) provided by investing activities from continuing operations	$(1,638)	$6,736

The change in net cash (used in) provided by investing activities during fiscal 2016, as compared to fiscal 2015, was primarily due to the comparative effect of the cash proceeds from the sale of the DBS businesses in November 2014.

Net cash used in financing activities for fiscal 2016 and 2015 was as follows (in millions):

For the years ended June 30,	2016	2015
Net cash used in financing activities from continuing operations		