UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 001-35769

NEWS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	46-2950970 (I.R.S. Employer Identification No.)
1211 Avenue of the Americas, New York, New York (Address of principal executive offices)	10036 (Zip C..0Aa .7917 -1.15 TD.0009 Tc-.0009 Tw[(on wh)7.1(ic

NEWS CORPORATION

FORM 10-Q

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PART I

ITEM 1. FINANCIAL STATEMENTS

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; millions, except per share amounts)

	Notes	For the three months ended September 30, 2019	For the three months ended September 30, 2018
Revenues:			
Circulation and subscription		$ 995	$ 1,034
Advertising		608	664
Consumer		387	400
Real estate		218	227
Other		132	199
Total Revenues	2	2,340	2,524
Operating expenses		(1,337)	(1,340)
Selling, general and administrative		(782)	(826)
Depreciation and amortization		(162)	(163)
Impairment and restructuring charges	3	(297)	(18)
Equity losses of affiliates	4	(2)	(3)
Interest income (expense), net		4	(16)
Other, net	13	4	20
(Loss) income before income tax benefit (expense)		(232)	178
Income tax benefit (expense)	11	21	(50)
Net (loss) income			

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited; millions)

	For the three months ended September 30, 2019	2018
Net (loss) income	$ (211)	$ 128
Other comprehensive loss:		
Foreign currency translation adjustments	(185)	(110)
Net change in the fair value of cash flow hedges[(a)]	(14)	2
Benefit plan adjustments, net[(b)]	11	5
Other comprehensive loss	(188)	(103)
Comprehensive (loss) income	(399)	25
Less: Net income attributable to noncontrolling interests	(16)	(27)
Less: Other comprehensive loss attributable to noncontrolling interests	45	28
Comprehensive (loss) income attributable to News Corporation stockholders	$ (370)	$ 26

(a) Net of income tax benefit (expense) of $3 million and ($1 million) for the three months ended September 30, 2019 and 2018, respectively.

(b) Net of income tax expense of $3 million and $1 million for the three months ended September 30, 2019 and 2018, respectively.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION

CONSOLIDATED BALANCE SHEETS
(Millions, except share and per share amounts)

	Notes	As of September 30, 2019 (unaudited)	As of June 30, 2019 (audited)
Assets:			
Current assets:			
Cash and cash equivalents		$ 1,441	$ 1,643
Receivables, net	13	1,540	1,544
Inventory, net		402	348
Other current assets		416	515
Total current assets		3,799	4,050
Non-current assets:			
Investments	4	329	335
Property, plant and equipment, net		2,433	2,554
Operating lease right-of-use assets	6	1,290	—
Intangible assets, net		2,239	2,426
Goodwill		4,885	5,147
Deferred income tax assets	11	305	269
Other non-current assets	13	953	930
Total assets		$ 16,233	$ 15,711
Liabilities and Equity:			
Current liabilities:			
Accounts payable		$ 406	$ 411
Accrued expenses		1,167	1,328
Deferred revenue	2	448	428
Current borrowings	5	622	449
Other current liabilities	13	849	724
Total current liabilities		3,492	3,340
Non-current liabilities:			
Borrowings	5	707	1,004
Retirement benefit obligations		258	266
Deferred income tax liabilities	11	274	295
Operating lease liabilities	6	1,329	—
Other non-current liabilities		344	495
Commitments and contingencies	10		
Class A common stock[(a)]		4	4
Class B common stock[(b)]		2	2
Additional paid-in capital		12,174	12,243
Accumulated deficit		(2,200)	(1,979)
Accumulated other comprehensive loss		(1,266)	(1,126)
Total News Corporation stockholders' equity		8,714	9,144
Noncontrolling interests		1,115	1,167
Total equity	7	9,829	10,311
Total liabilities and equity		$ 16,233	$ 15,711

(a) Class A common stock, $0.01 par value per share ("Class A Common Stock"), 1,500,000,000 shares authorized, 388,492,158 and 385,580,015 shares issued and outstanding, net of 27,368,413 treasury shares at par at September 30, 2019 and June 30, 2019, respectively.

(b) Class B common stock, $0.01 par value per share ("Class B Common Stock"), 750,000,000 shares authorized, 199,630,240 shares issued and outstanding, net of 78,430,424 treasury shares at par at September 30, 2019 and June 30, 2019, respectively.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; millions)

	Notes	For the three months ended September 30, 2019	2018
Operating activities:			
Net (loss) income		$ (211)	$ 128
Adjustments to reconcile net (loss) income to cash provided by operating activities:			
Depreciation and amortization		162	163
Operating lease expense	6	43	—
Equity losses of affiliates	4	2	3
Cash distributions received from affiliates		2	4
Impairment charges	3	273	—
Other, net	13	(4)	(20)
Deferred income taxes and taxes payable	11	(45)	31
Change in operating assets and liabilities, net of acquisitions:			
Receivables and other assets		(1,551)	(21)
Inventories, net		(72)	(23)
Accounts payable and other liabilities		1,428	(152)
Net cash provided by operating activities		27	113
Investing activities:			
Capital expenditures		(117)	(133)
Acquisitions, net of cash acquired		—	1
Investments in equity affiliates and other		(5)	(10)
Proceeds from business dispositions		—	5
Proceeds from property, plant and equipment and other asset dispositions		3	—
Other, net		1	16
Net cash used in investing activities		(118)	(121)
Financing activities:			
Borrowings	5	199	131
Repayment of borrowings	5	(290)	(192)
Dividends paid		(22)	(23)
Other, net		18	(40)
Net cash used in financing activities		(95)	(124)
Net change in cash and cash equivalents		(186)	(132)
Cash and cash equivalents, beginning of period		1,643	2,034
Exchange movement on opening cash balance		(16)	(16)
Cash and cash equivalents, end of period		$ 1,441	$ 1,886

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

News Corporation (together with its subsidiaries, “News Corporation,” “News Corp,” the “Company,” “we,” or “us”) is a global di

Contract liabilities and assets

The Company's deferred revenue balance primarily relates to amounts received from customers for subscriptions paid in advance of the services being provided. The following table presents changes in the deferred revenue balance for the three months ended September 30, 2019 and 2018:

	For the three months ended September 30,	
	2019	2018
	(in millions)	
Balance - beginning of period	$ 428	$ 510
Deferral of revenue	821	595
Recognition of deferred revenue[a]	(794)	(670)
Other	(7)	1
Balance - end of period	$ 448	$ 436

[a] For the three months ended September 30, 2019 and 2018, the Company recognized approximately $266 million and $357 million, respectively, of revenue which was included in the opening deferred revenue balance.

Contract assets were immaterial for disclosure as of September 30, 2019 and 2018.

Other revenue disclosures

The Company typically expenses sales commis

Changes in restructuring program liabilities were as follows:

Equity Losses of Affiliates

The Company's share of the losses of its equity affiliates was $2 million and $3 million for the three months ended September 30, 2019 and 2018, respectively.

NOTE 5. BORROWINGS

The Company's total borrowings consist of the following:

	Interest rate at September 30, 2019	Due date at September 30, 2019	As of September 30, 2019	As of June 30, 2019
			(in millions)	
Foxtel Group				
Credit facility 2014 — tranche 2[(a)]	2.92%	Jan 31, 2020	$ 135	$ 56
Credit facility 2015[(a)]	3.12%	Jul 31, 2020	271	281
Credit facility 2016[(a)(c)]	3.60%	Sept 11, 2021	237	193
Working capital facility 2017[(a)(c)]	3.27%	Jul 3, 2020	54	56
US private placement 2009 — tranche 3[(b)]	—	Sept 24, 2019	—	75
US private placement 2012 — USD portion — tranche 1[(b)]	—	Jul 25, 2019	—	150
US private placement 2012 — USD portion — tranche 2[(d)]	4.27%	Jul 25, 2022	200	199
US private placement 2012 — USD portion — tranche 3[(d)]	4.42%	Jul 25, 2024	150	149
US private placement 2012 — AUD portion	7.04%	Jul 25, 2022	73	77
REA Group				
Credit facility 2016 — tranche 3[(e)]	2.30%	Dec 31, 2019	162	168
Credit facility 2018[(e)]	2.06%	Apr 27, 2021	47	49
Total borrowings			1,329	1,453
Less: current portion[(f)]			(622)	(449)
Long-term borrowings			$ 707	$1,004

(a) Borrowings under these facilities bear interest at a floating rate of Australian BBSY plus an applicable margin of between 1.20% and 2.70% per annum payable quarterly.

(b) During the three months ended September 30, 2019, certain subsidiaries of Foxtel (together with Foxtel, the "Foxtel Debt Group") repaid $150 million aggregate principal amount of senior unsecured notes maturing in July 2019 and $75 million aggregate principal amount of senior unsecured notes maturing in September 2019.

(c) As of September 30, 2019, the Foxtel Debt Group has undrawn commitments of $41 million under thes

NOTE 6. LEASES

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The total lease cost for operating leases included in the Statement of Operations was as follows: FOrth three months e-6.7(n)-6(dd l]TJ19.1667-1.153TD-.000

Stock Repurchases

In May 2013, the Company's Board of Directors (the "Board of Directors") authorized the Company to repurchase up to an aggregate of $500 million of its Class A Common Stock. No stock repurchases were made during the three months ended September 30, 2019 and 2018. Through November 1, 2019, the Company cumulatively repurchased approximately 5.2 million shares of Class A Common Stock for an aggregate cost of approximately $71 million. The remaining authorized amount under the stock repurchase program as of November 1, 2019 was approximately $429 million. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee's decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors and the Board of Directors cannot provide any assurances that any additional shares will be repurchased.

The Company did not purchase any of its Class B Common Stock during the three months ended September 30, 2019 and 2018.

Dividends

In August 2019, the Board of Directors declared a semi-annual cash dividend of $0.10 per share for Class A Common Stock and Class B Common Stock. This dividend was paid on October 16, 2019 to stockholders of record at the close on business on September 11, 2019. In August 2018, the Board of Directors declared a semi-annual cash dividend of $0.10 per share for Class A Common Stock and Class B Common Stock. This dividend was paid on October 17, 2018 to stockholders of record at the close of business on September 12, 2018. The timing, declaration, amount and payment of future dividends to stockholders, if any, is within the discretion of the Board of Directors. The Board of Directors' decisions regarding the payment of future dividends will depend on many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the Board of Directors deems relevant.

NOTE 8. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

In accordance with ASC 820, "Fair Value Measurements" ("ASC 820") fair value measurements are required to be disclosed using a three-tiered fair value hierarchy which distinguishes market participant assumptions into the following categories:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1. The Company could value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of

The following table summarizes those assets and liabilities measured at fair value on a recurring basis:

	As of September 30, 2019				As of June 30, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
				(in millions)				
Assets:								
Foreign currency derivatives - cash flow hedges	$ —	$ —	$ —	$ —	$ —	$ 1	$ —	$ 1
Cross currency interest rate derivatives - fair value hedges	—	23	—	23	—	29	—	29
Cross currency interest rate derivatives - economic hedges	—	—	—	—	—	12	—	12
Cross currency interest rate derivatives - cash flow hedges	—	93	—	93	—	116	—	116
Equity securities[(a)]	77	—	112	189	74	—	113	187
Total assets	$ 77	$ 116	$ 112	$305	$ 74	$ 158	$ 113	$345
Liabilities:								
Interest rate derivatives - cash flow hedges	$ —	$ 19	$ —	$ 19	$ —	$ 20	$ —	$ 20
Mandatorily redeemable noncontrolling interests	—	—	—	—	—	—	11	11
Cross currency interest rate derivatives - cash flow hedges	—	19	—	19	—	18	—	18
Total liabilities	$ —	$ 38	$ —	$ 38	$ —	$ 38	$ 11	$ 49

(a) See Note 4 —Investments.

There have been no transfers between levels of the fair value hierarchy during the periods presented.

Equity securities

The fair values of equity securities with quoted prices in active markets are determined based on the closing price at the end of each reporting period. These securities are classified as Level 1 in the fair value hierarchy outlined above. The fair values of equity securities without readily determinable fair market values are determined based on cost, less any impa

A rollforward of the Company’s equity securities classified as Level 3 is as follows:

The Company formally designates qualifying derivatives as hedge relationships (“hedges”) and applies hedge accounting when considered appropriate. For economic hedges where no hedge relationship has been designated, changes in fair value are included as a component of net income in each reporting period within Other, net in the Statements of Operations. The Company does not use derivative financial instruments for trading or speculative purposes.

Hedges are classified as current or non-current in the Balance Sheets based on their maturity dates. Refer to the table below for further details:

	Balance Sheet Location	As of September 30, 2019	As of June 30, 2019
		(in millions)	
Foreign currency derivatives - cash flow hedges	Other current assets	$ —	$ 1
Cross currency interest rate derivatives - fair value hedges	Other current assets	—	8
Cross currency interest rate derivatives - economic hedges	Other current assets	—	12
Cross currency interest rate derivatives - cash flow hedges	Other current assets	—	33
Cross currency interest rate derivatives - fair value hedges	Other non-current assets	23	21
Cross currency interest rate derivatives - cash flow hedges	Other non-current assets	93	83
Interest rate derivatives - cash flow hedges	Other current liabilities	(1)	(2)
Interest rate derivatives - cash flow hedges	Other non-current liabilities	(18)	(18)
Cross currency interest rate derivatives - cash flow hedges	Other non-current liabilities	(19)	(18)

The following sets forth the effect of fair value hedging relationships on hedged items in the Balance Sheets as of September 30, 2019:

	As of September 30, 2019
	(in millions)
Borrowings:	
Carrying amount of hedged item	$ 69
Cumulative hedging adjustments included in the carrying amount	(3)

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The Company utilizes a combination of foreign currency derivatives, interest rate derivatives and cross currency interest rate derivatives to mitigate currency exchange and interest rate risk in relation to future interest payments and payments for customer premise equipment.

The total notional value of foreign currency contract derivatives designated for hedging was $79 million as of September 30, 2019. The maximum hedged term over which the Company is hedging exposure to foreign currency fluctuations is to September 2020. As of September 30, 2019, the Company estimates that no net derivative gains related to its foreign currency contract derivative cash flow hedges included in Accumulated other comprehensive loss will be reclassified into the Statement of Operations within the next 12 months.

The total notional value of interest rate swap derivatives designated as cash flow hedges was approximately A$500 million as of September 30, 2019. The maximum hedged term over which the Company is hedging exposure to variability in interest payments is to September 2022. As of September 30, 2019, the Company estimates that no net derivative gains related to its interest rate swap derivative cash flow hedges included in Accumulated other comprehensive loss will be reclassified into the Statement of Operations within the next 12 months.

The total notional value of the cross currency interest rate swaps that were designated as cash flow hedges was approximately A$280 million as of September 30, 2019. The maximum hedged term over which the Company is hedging exposure to variability in interest payments is to July 2024. As of September 30, 2019, the Company estimates th

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are remeasured at fair value on a recurring basis, the Company has certain assets, primarily goodwill, intangible assets, equity method investments and property, plant and equipment, that are not required to be remeasured to fair value at the end of each reporting period. On an ongoing basis, the Company monitors whether events occur or circumstances change that would more likely than not reduce the fair values of these assets below their carrying amounts. If the Company determines that these assets are impaired, the Company would write down these assets to fair value. These nonrecurring fair value measurements are considered to be Level 3 in the fair value hierarchy.

During the three months ended September 30, 2019, the Company recognized non-cash impairment charges of $122 million and $113 million related to goodwill and indefinite-lived intangible assets, respectively, at the News America Marketing reporting unit. The carrying value of goodwill at the News America Marketing decreased from $122 million to nil and the value of indefinite-lived intangible assets decreased from $308 million to $195 million. See Note 3 – Impairment and Restructuring Charges.

The Company did not recognize any write-downs on the carrying value of its assets during the three months ended September 30, 2018.

Other Fair Value Measurements

As of September 30, 2019, the carrying value of the Company’s outstanding borrowings approximates the fair value. The U.S. private placement borrowings are classified as level 2 and the remaining borrowings are classified as level 3 in the fair value hierarchy.

NOTE 9. (LOSS) EARNINGS PER SHARE

The following tables set forth the computation of basic and diluted (loss) earnings per share under ASC 260, “Earnings per Share”:

	For the three m	

NOTE 10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements (“firm commitments”) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The Company’s commitments as of September 30, 2019 have not changed significantly from the disclosures included in the 2019 Form 10-K.

Contingencies

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed below. The outcome of these matters and claims is subject to significant uncertainty, and the Company often cannot predict what the eventual outcome of pending matters will be or the timing of the ultimate resolution of these matters. Fees, expenses, fines, penalties, judgments or settlement costs which might be incurred by the Company in connection with the various proceedings could adversely affect its results of operations and financial condition.

The Company establishes an accrued liability for legal claims when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Legal fees associated with litigation and similar proceedings are expensed as incurred. Except as otherwise provided below, for the contingencies disclosed for which there is at least a reasonable possibility that a loss may be incurred, the Company was unable to estimate the amount of loss or range of loss. The Company recognizes gain contingencies when the gain becomes realized or realizable.

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On July 11, 2019, Insignia Systems, Inc. (“Insignia”) filed a complaint in the U.S. District Court for the District of Minnesota against News America Marketing FSI L.L.C. (“NAM FSI”), News America Marketing In-Store Services L.L.C. (“NAM In-Store”) and News Corporation (together, the “NAM Parties”) alleging violations of federal and state antitrust laws and common law business torts. The complaint seeks treble damages, injunctive relief and attorneys’ fees and costs. On August 14, 2019, the NAM Parties answered the complaint and asserted a counterclaim against Insignia for breach of contract, alleging that Insignia violated a prior settlement agreement between NAM In-Store and Insignia. The NAM Parties subsequently filed a motion seeking dismissal of the complaint on October 21, 2019. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Parties believe they have been compliant with applicable laws and intend to defend themselves vigorously.

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On November 8, 2013, Valassis Communications, Inc. (“Valassis”) filed a co[illegible]

On December 19, 2013, the NAM Group filed a motion to dismiss the complaint and on March 30, 2016, the District Court dismissed Valassis's bundling and tying claims. On September 25, 2017, the District Court granted Valassis's motion to transfer the case to the U.S. District Court for the Southern District of New York (the "N.Y. District Court"). On April 13, 2018, the NAM Group filed a motion for summary judgment dismissing the case which was granted in part and denied in part by the N.Y. District Court on February 21, 2019. The N.Y. District Court found that the NAM Group's bidding practices were lawful but denied its motion with respect to claims arising out of certain other alleged contracting practices. In addition, the N.Y. District Court also dismissed Valassis's claims relating to free-standing insert products. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Group believes it has been compliant with applicable laws and intends to defend itself vigorously.

Civil claims have been brought against the Company with respec

NOTE 11. INCOME TAXES

At the end of each interim period, the Company estimates the annual effective tax rate and applies that rate to its ordinary quarterly earnings. The tax expense or benefit related to significant, unusual or extraordinary items that will be separately reported or reported net of their related tax effect are individually computed and recognized in the interim period in which those items occur. In addition, the effects of changes in enacted tax laws or rates or tax status are recognized in the interim period in which the change occurs.

For the three months ended September 30, 2019, the Company recorded an income tax benefit of $21 million on a pre-tax loss of $232 million resulting in an effective tax rate that was lower than the U.S. statutory tax rate. The lower tax rate was primarily due to the lower tax benefit recorded on the impairment of News America Marketing’s goodwill and indefinite-lived intangible assets and by valuation allowances being recorded against tax benefits in certain foreign jurisdictions with operating losses.

For the three months ended September 30, 2018, the Company recorded income tax expense of $50 million on pre-tax income of $178 million, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was primarily due to valuation allowances being recorded against tax benefits in certain foreign jurisdictions with operating losses and the impact from foreign operations which are subject to higher tax rates.

- *Subscription Video Services*—The Company's Subscription Video Services segment provides video sports, entertainment and news services to pay-TV subscribers and other commercial licensees, primarily via cable, satellite and internet distribution, and co

Segment information is summarized as follows:

	For the three months ended September 30, 2019	2018
	(in millions)	
Revenues:		
News and Information Services	$ 1,149	$ 1,248
Subscription Video Services	514	565
Book Publishing	405	418
Digital Real Estate Services	272	293
Total revenues	$ 2,340	$ 2,524
Segment EBITDA:		
News and Information Services	$ 56	$ 109
Subscription Video Services	81	113
Book Publishing	49	68
Digital Real Estate Services	82	105
Other	(47)	(37)
Depreciation and amortization	(162)	(163)
Impairment and restructuring charges	(297)	(18)
Equity losses of affiliates	(2)	(3)
Interest income (expense), net	4	(16)
Other, net	4	20
(Loss) income before income tax benefit (expense)	(232)	178
Income tax benefit (expense)	21	(50)
Net (loss) income	$ (211)	$ 128

	As of September 30, 2019	As of June 30, 2019
	(in millions)	
Total assets:		
News and Information Services	$ 5,580	$ 5,482
Subscription Video Services	4,585	4,406
Book Publishing	2,174	2,074
Digital Real Estate Services	2,224	2,229
Other		

	As of September 30, 2019	As of June 30, 2019
	(in millions)	
Goodwill and intangible assets, net:		
News and Information Services	$ 2,325	$ 2,617
Subscription Video Services	2,487	2,595
Book Publishing	755	772
Digital Real Estate Services	1,557	1,589
Total Goodwill and intangible assets, net	$ 7,124	$ 7,573

NOTE 13. ADDITIONAL FINANCIAL INFORMATION

Receivables, net

Receivables are presented net of an allowance for doubtful accounts, which is an estimate of amounts that may not be collectible. The allowance for doubtful accounts is estimated based on historical experience, receivable aging, current economic trends and specific identification of certain receivables that are at risk of not being collected.

Receivables, net consist of:

	As of September 30, 2019	As of June 30, 2019
	(in millions)	
Receivables	$ 1,593	$ 1,590
Allowance for doubtful accounts	(53)	(46)
Receivables, net	$ 1,540	$ 1,544

Other Non-Current Assets

The following table sets forth the components of Other non-current assets:

	As of September 30, 2019	As of June 30, 2019
	(in millions)	
Royalty advances to authors	$ 347	$ 343
Retirement benefit assets	122	117
Inventory[(a)]	161	155
Other	323	315
Total Other non-current assets	$ 953	$ 930

(a) Primarily consists of the non-current portion of programming rights.

Other Current Liabilities

The following table sets forth the components of Other current liabilities:

	As of September 30, 2019	As of June 30, 2019
	(in millions)	
Royalties and commissions payable	$ 229	$ 211
Current operating lease liabilities[(a)]	182	—
Allowance for sales returns	176	192
Current tax payable	21	22
Other	241	299
Total Other current liabilities	$ 849	$ 724

(a) As a result of the adoption of ASU 2016-02 during the first quarter of fiscal 2020, the Company has included the current portion of its operating lease liabilities within Other current liabilities as of September 30, 2019.

Other, net

The following table sets forth the components of Other, net:

	For the three months ended September 30, 2019	2018
	(in millions)	
Remeasurement of equity securities	$ 1	$ 15
Other	3	5
Total Other, net	$ 4	$ 20

Supplemental Cash Flow Information

The following table sets forth the Company's cash paid for taxes and interest:

	For the three months ended September 30, 2019	2018
	(in millions)	
Cash paid for interest	$ 16	$ 23
Cash paid for taxes	27	29

- *Liquidity and Capital Resources*   This section provides an analysis of the Company’s cash flows for the three months ended September 30, 2019 and 2018, as well as a discussion of the Company’s financial arrangements and outstanding commitments, both firm and contingent, that existed as of September 30, 2019.

OVERVIEW OF THE COMPANY’S BUSINESSES

The Company manages and reports its businesses in the following five segments:

- *News and Information Services*—The News and Information Services segment includes the Company’s global print, digital and broadcast radio media platforms. These product offerings include the global print and digital versions of and Barron’s Group, which includes and MarketWatch, the Company’s suite of professional information products, including Factiva, Dow Jones Risk & Compliance and Dow Jones Newswires, and its live journalism events. The Company also owns, among other publications, , , , *C* and in Australia, , , and in the U.K. and the in the U.S. This segment also includes News America Marketing, a leading provider of in-store marketing products and services, home-delivered shopper media, and digital marketing solutions, including Checkout 51’s mobile app, as well as Unruly, a global video advertising marketplace, Wireless Group, operator of talkSPORT, the leading sports radio network in the U.K., and Storyful, a social media content agency.
- *Subscription Video Services*—The Company’s Subscription Video Services segment provides video sports, entertainment and news services to pay-TV subscribers and other commercial licensees, primarily via cable, satellite and internet distribution, and consists of (i) the Company’s 65% interest in Foxtel (with the remaining 35% interest in Foxtel held by Telstra, an Australian Securities Exchange (“ASX”)-listed telecommunications company) and (ii) Australian News Channel (“ANC”). Foxtel is the largest pay-TV provider in Australia, with nearly 200 channels covering sports, general entertainment, movies, documentaries, music, children’s programming and news. Foxtel offers the leading sports programming content in Australia, with broadcast rights to live sporting events including: National Rugby League, Australian Football League, Cricket Australia, the domestic football league, the Australian Rugby Union and various motorsports programming. Foxtel also operates Foxtel Now, an over-the-top, or OTT, service, and Kayo, a sports-only OTT service.

  ANC operates the SKY NEWS network, Australia’s 24-hour multi-channel, multi-platform news service. ANC channels are distributed throughout Australia and New Zealand and available on Foxtel and Sky Network Television NZ. ANC also owns and operates the international Australia Channel IPTV service and offers content across a variety of digital media platforms, including mobile, podcasts and social media websites.
-

Move is a leading provider of online real estate services in the U.S. and primarily operates realtor.com

RESULTS OF OPERATIONS

Results of Operations—For the three months ended September 30, 2019 versus the three months ended September 30, 2018

The following table sets forth the Company's operating results for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018.

	For the three months ended September 30,			
(in millions, except %)	2019	2018	Change	% Change
			Better/(Worse)	
Revenues:				
Circulation and subscription	$ 995	$ 1,034	$ (39)	(4)%
Advertising	608	664	(56)	(8)%
Consumer	387	400	(13)	(3)%
Real estate	218	227	(9)	(4)%
Other	132	199	(67)	(34)%
Total Revenues	2,340	2,524	(184)	(7)%
Operating expenses	(1,337)	(1,340)	3	—
Selling, general and administrative	(782)	(826)	44	5%
Depreciation and amortiza				

Operating expenses— Operating expenses decreased $3 million for the three months ended September 30, 2019 as compared to the corresponding period of fiscal 2019. The decrease in Operating expenses for the three months ended September 30, 2019 was mainly due to lower operating expenses at the News and Information Services segment of $39 million, primarily due to the $18 million positive impact of foreign currency fluctuations, cost savings initiatives and lower newsprint, production and distribution costs. The decrease was offset by higher operating expenses at the Subscription Video Services segment of $20 million, primarily resulting from higher programming costs, and higher operating expenses at the Digital Real Estate Services segment of $10 million, mainly due to the acquisition of and continued investment in Opcity. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an Operating expense decrease of $44 million for the three months ended September 30, 2019 as compared to the corresponding period of fiscal 2019.

Selling, general and administrative—Selling, general and administrative decreased $44 million, or 5%, for the three months ended September 30, 2019

Management assesses available evidence to determine whether sufficient future taxable income will

News and Information Services (49% of the Company’s consolidated revenues in the three months ended September 30, 2019 and 2018, respectively)

(in millions, except %)	For the three months ended September 30, 2019	2018	Change	% Change Better/(Worse)
Revenues:				
Circulation and subscription	$ 534	$ 529	$ 5	1%
Advertising	530	576	(46)	(8)%
Other	85	143	(58)	(41)%
Total revenues	1,149	1,248	(99)	(8)%
Operating expenses	(670)	(709)	39	6%
Selling, general and administrative	(423)	(430)	7	2%
Segment EBITDA	$ 56	$ 109	$ (53)	(49)%

Revenues at the News and Information Services segment decreased $99 million, or 8%, for the three months ended September 30, 2019 as compared to the corresponding period of fiscal 2019. The revenue decrease was primarily due to lower Other revenues of $58 million, primarily due to the absence of the $48 million net benefit related to News UK’s exit from the partnership for in the first quarter of fiscal 2019. Advertising revenues decreased $46 million, mainly due to weakness in the print advertising market, primarily in Australia, lower revenues at News America Marketing of $21 million and the $15 million negative impact of foreign currency fluctuations, partially offset by digital advertising growth in all markets. Circulation and subscription revenues for the three months ended September 30, 2019 increased $5 million as compared to the corresponding period of fiscal 2019 primarily due to price increases, mainly in Australia and the U.K., digital subscriber growth across all key mastheads, led by , and higher professional information business revenues at Dow Jones led by Risk & Compliance. These increases were partially offset by print volume declines in Australia and in the U.K., primarily at , and the $15 million negative impact of foreign currency fluctuations. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $35 million for the three months ended September 30, 2019 as compared to the corresponding period of fiscal 2019.

Segment EBITDA at the News and Information Services segment decreased $53 million, or 49%, for the three months ended September 30, 2019 as compared to the corresponding period of fiscal 2019. The decrease was mainly due to lower contribution from News UK, News America Marketing and News Corp Australia of $36 million, $13 million and $10 million, respectively, primarily d of fiscalalalalalalalalalalalalalalalalalalalalcrp Australia . TD[illegible]

Revenues were $223 million for the three months ended September 30, 2019, a decrease of $63 million, or 22%, as compared to revenues of $286 million in the corresponding period of fiscal 2019. The decrease in revenue mainly the result of lower Other revenues of $56 million, primarily due to the absence of the $48 million net benefit related to the exit from the partnership for in the first quarter of fiscal 2019. Circulation and subscription revenues decreased $7 million, primarily due to the $7 million negative impact of foreign currency fluctuations, as cover price increases across mastheads and digital subscriber growth offset single-copy volume declines, primarily at Advertising revenue was flat, as digital advertising growth was offset by the $4 million negative impact of foreign currency fluctuations. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $13 million, or 5% for the three months ended September 30, 2019 as compared to the corresponding period of fiscal 2019.

Book Publishing (17% of the Company's consolidated revenues in the three months ended September 30, 2019 and 2018, respectively)

	For the three months ended September 30,			
	2019	2018	Change	% Change
(in millions, except %)			Better/(Worse)	
Revenues:				
Consumer	$ 387	$ 400	$ (13)	(3)%
Other	18	18	—	—
Total revenues				

The Company did not purchase any of its Class B Common Stock during the three months ended September 30, 2019 and 2018.

Dividends

In August 2019, the Board of Directors declared a semi-annual cash dividend of $0.10 per share for Class A Common Stock and Class B Common Stock. This dividend was paid on October 16, 2019 to stockholders of record at the close of business on September 11, 2019. In August 2018, the Board of Directors declared a semi-annual cash dividend of $0.10 per share for Class A Common Stock and Class B Common Stock. This dividend was paid on October 17, 2018 to stockholders of record at the close of business on September 12, 2018. The timing, declaration, amount and payment of future dividends to stockholders, if any, is within the discretion of the Board of Directors. The Board of Directors' decisions regarding the payment of future dividends will depend on many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the Board of Directors deems relevant.

Sources and Uses of Cash—For the three months ended September 30, 2019 versus the three months ended September 30, 2018

Net cash provided by operating activities for the three months ended September 30, 2019 and 2018 was as follows (in millions):

For the three months ended September 30,	2019	2018
Net cash provided by operating activities	$27	$113

Net cash provided by operating activities decreased by $86 million for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018. The decrease was primarily due to lower Total Segment EBITDA, partially offset by lower working capitmontof rec1 TD[(nee)TJ22

During the three months ended September 30, 2018, the Company repaid borrowings of $192 million, mainly related to Foxtel, and redeemed the Company’s redeemable preferred stock for $20 million. The net cash used in financing activities for the three months ended September 30, 2018 was partially offset by borrowings related to Foxtel of $131 million.

Reconciliation of Free Cash Flow Available to News Corporation

Free cash flow available to News Corporation is a non-GAAP financial measure defined as net cash provided by operating activities, less capital expenditures (“free cash flow”), less REA Group free cash flow, plus cash dividends received from REA Group. Free cash flow ava indebtedness will mature during the remainder of fiscal 2020 and in fiscal 2021, respectively. The Foxtel Debt Group expects to repay, in the near term, the majority of this indebtedness through a combination of new indebtedness and the proceeds from an additional A$200 million shareholder loan from the Company. The remaining balance of indebtedness is expected to be repaid primarily through additional debt refinancing and cash on hand. The Company previously provided A$500 million of shareholder loans to the Foxtel Debt Group in fiscal 2019 and also provided an A$200 million revolving credit facility to the Foxtel Debt Group for working capital purposes during the three months ended September 30, 2019. The shareholder loans bear interest at a variable rate of Australian BBSY plus an applicable margin ranging from 6.30% to 7.75% and mature in December 2027. The working capital facility bears interest at a variable rate of Australian BBSY plus an applicable margin ranging from 1.60% to 2.70% and matures in July 2024.

The Company's borrowings as of September 30, 2019 also reflect the indebtedness of REA Group. REA Group has outstanding borrowings of $209 million, of which approxima

The Company’s tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the Company's assessment of its sensitivity to market risk since its presentation set forth in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in the Company's 2019 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

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

(b) Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) during the Company's first quarter of fiscal 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 6. EXHIBITS

(a) Exhibits.

31.1	Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
31.2	Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.**
101	The following financial information from the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 formatted in Inline XBRL: (i) Consolidated Statements of Operations for the three months ended September 30, 2019 and 2018 (unaudited); (ii) Consolidated Statements of Comprehensive (Loss) Income for the three months ended September 30, 2019 and 2018 (unaudited); (iii) Consolidated Balance Sheets as of September 30, 2019 (unaudited) and June 30, 2019 (audited); (iv) Consolidated Statements of Cash Flows for the three months ended September 30, 2019 and 2018 (unaudited); and (v) Notes to the Unaudited Consolidated Financial Statements.*
104	The cover page from News Corporation’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in Inline XBRL (included as Exhibit 101).*

* Filed herewith.
** Furnished herewith

SIGNATURE

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

NEWS CORPORATION
(Registrant)

By: /s/ Susan Panuccio
Susan Panuccio
Chief Financial Officer

Date: November 8, 2019

Exhibit 31.2

Chief Financial Officer Certification

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

I, Susan Panuccio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such st

Exhibit 32.1

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

In connection with the Quarterly Report of News Corporation on Form 10-Q for the fiscal quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned officers of News Corporation, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of News Corporation.

November 8, 2019

By: /s/ Robert J. Thomson
Robert J. Thomson
Chief Executive Officer and Director

By: /s/ Susan Panuccio
Susan Panuccio
Chief Financial Officer