NEWS CORPORATION REPORTS SECOND QUARTER RESULTS FOR FISCAL 2017

FISCAL 2017 SECOND QUARTER KEY FINANCIAL HIGHLIGHTS

- **Revenues of $2.12 billion compared to $2.16 billion in the prior year**
- **Digital Real Estate Services segment revenue grew 16% compared to the prior year**
- **Digital revenues increased to 27% of News and Information Services segment revenues, compared to 22% in the prior year**
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- *The Wall Street Journal* average daily digital subscribers in the three months ended December 31, 2016 were 1,080,000, compared to 828,000 in the prior year (Source: Internal data)
- Closing digital subscribers at News Corp Australia's mastheads as of December 31, 2016 were 309,200, compared to 255,800 in the prior year (Source: Internal data; adjusted for divested mastheads)
- *The Times* and *Sunday Times* closing digital subscribers as of December 31, 2016 were 184,000, compared to 172,000 in the prior year (Source: Internal data)
- *The Sun*'s digital offering reached approximately 61 million global monthly unique users in December 2016, based on ABCe (Source: Omniture)

Book Publishing

Revenues in the quarter increased $20 million, or 4%, compared to the prior year, primarily due to the continued popularity of *Jesus Calling* and *Jesus Always* by Sarah Young and *Hillbilly Elegy* by J.D. Vance, strong sales from frontlist titles such as *The Magnolia Story* by Chip and Joanna Gaines, *Chaos* by Patricia Cornwell, *The Midnight Gang* by David Walliams and *Settle for More* by Megyn Kelly, as well as the continued expansion of HarperCollins' global footprint. Digital sales increased 3% compared to the prior year and represented 16% of Consumer revenues for the quarter. Segment EBITDA for the quarter increased $18 million, or 32%, from the prior year, primarily due to higher revenues as discussed above.

Digital Real Estate Services

Revenues in the quarter increased $34 million, or 16%, compared to the prior year, primarily due to the continued growth at REA Group and Move, as well as $9 million from the acquisitions of iProperty and Diakrit. Adjusted Revenues increased 10%. Segment EBITDA in the quarter increased $22 million, or 30%, compared to the prior year, primarily due to the higher revenues noted above, the positive impact of foreign currency fluctuations at REA Group and lower legal costs at Move. REA Group and Move contributed $12 million and $10 million, respectively, to the increase in Segment EBITDA.

In the quarter, revenues at REA Group increased 19%, or 14% excluding a $6 million impact from favorable foreign currency fluctuations, due to an increase in Australian residential depth revenue, as a favorable product mix and pricing increase offset lower listing volumes, and the acquisition of iProperty.

Move's revenues in the quarter increased 7% to $93 million from $87 million in the prior year, primarily due to the continued growth in its Connection for Co-Brokerage℠ product and non-listing Media revenues. The growth was partially offset by a $3 million decline in revenue at TigerLead®, which was sold in November 2016. Based on Move's internal data, average monthly unique users of realtor.com®'s web and mobile sites for the fiscal second quarter grew 14% year-over-year to approximately 44 million.

Cable Network Programming

Revenues in the quarter decreased $2 million, or 2%, compared to the prior year due to lower affiliate and advertising revenues, partially due to the absence of the uplift from the Rugby World Cup, which was held in the prior year. Segment EBITDA in the quarter increased $12 million, or 31%, compared with the prior year, due to lower programming rights costs from the absence of Rugby World Cup and English Premier League rights.

CASH FLOW

The following table presents net cash provided by continuing operating activities and a reconciliation to free cash flow available to News Corporation:

	For the six months ended December 31,	
	2016	2015
	(in millions)	
Net cash provided by continuing operating activities		

Conference call
News Corporation’s earnings conference call

NEWS CORPORATION

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

	For the three months ended December 31,		For the six months ended December 31,
	2016	2015	2016

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	For the six months ended December 31,	
	2016	2015
Operating activities:		
Net (loss) income	$ (219)	$ 271
Less: Income from discontinued operations, net of tax	-	22
(Loss) income from continuing operations	(219)	249
Adjustments to reconcile (loss) income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	240	244
Equity losses (earnings) of affiliates	253	(23)
Cash distributions received from affiliates	-	30
Impairment charges	310	-
Other, net	(140)	1
Deferred income taxes and taxes payable	(102)	(98)
Changes in operating assets and liabilities, net of acquisitions:		
Receivables and other assets	(131)	(97)
Inventories, net	(9)	72
Accounts payable and other liabilities	52	(32)
NAM Group settlement	(250)	-
Net cash provided by operating activities from continuing operations	4	346
Investing activities:		
Capital expenditures	(108)	(120)
Changes in restricted cash for Wireless Group acquisition	315	-
Acquisitions, net of cash acquired	(342)	(101)
Investments in equity affiliates and other	(39)	(36)
Proceeds from dispositions	59	2
Other, net	(3)	5
Net cash used in investing activities from continuing operations	(118)	(250)
Financing activities:		
Repayment of borrowings acquired in the Wireless Group acquisition	(23)	-
Repurchase of shares	-	(18)
Dividends paid	(77)	(74)
Other, net	(21)	(7)
Net cash used in financing activities from continuing operations	(121)	(99)
Net decrease in cash and8(as9.521 0.48u2288 >[8521 0.48u c)-8n12.245ti213[852		

The following tables reconcile

The following tables reconcile reported revenues and Segment EBITDA by segment to Adjusted Revenues and Adjusted Segment EBITDA by segment for the six months ended December 31, 2016 and 2015.

	For the six months ended December 31, 2016					
	As Reported	Impact of Acquisitions	Impact of Divestitures	Impact of Foreign Currency Fluctuations	Net Impact of U.K. Newspaper Matters	As Adjusted
	(in millions)					

	For the six months ended December 31,			
	2016	2015	Change	% Change
		(in millions)		Better/(Worse)
Revenues	$ 4,081	$ 4,175	$ (94)	(2)%
Operating expenses	(2,283)	(2,392)	109	5 %
Selling, general and administrative	(1,343)	(1,338)	(5)	-
Total Segment EBITDA	455	445	10	2 %
Depreciation and amortization	(240)	(244)	4	2 %
Impairment and restructuring charges	(376)	(39)	(337)	**
Equity (losses) earnings of affiliates	(253)	23	(276)	**
Interest, net	22	23	(1)	(4)%
Other, net	140	(1)	141	**
(Loss) income from continuing operations before income tax benefit	(252)	207	(459)	**
Income tax benefit	33	42	(9)	(21)%
(Loss) income from continuing operations	$ (219)	$ 249	$ (468)	**

** - Not meaningful

	For the six months ended December 31, 2016		For the six months ended December 31, 2015	
	Net (loss) income available to stockholders	EPS	Net income available to stockholders	EPS
	(in millions, except per share data)			
(Loss) income from continuing operations	$			