NEWS CORPORATION REPORTS SECOND QUARTER RESULTS FOR FISCAL 2019

FISCAL 2019 SECOND QUARTER KEY FINANCIAL HIGHLIGHTS

- **Revenues of $2.63 billion, a 21% increase compared to $2.18 billion in the prior year, reflecting the consolidation of Foxtel and continued strength at the Book Publishing and Digital Real Estate Services segments**
- **Net income was $119 million compared to a net loss of ($66) million, which included a $174 million negative impact related to the U.S. Tax Cuts and Jobs Act in the prior year**
- **Total Segment EBITDA was $370 million compared to $328 million in the prior year**
- **Reported EPS were $0.16 compared to ($0.14) in the prior year – Adjusted EPS were $0.18 compared to $0.24 in the prior year**
- **Continued revenue improvement at Dow Jones driven by record digital advertising revenues and acceleration in digital paid subscriberin sports-only streaming service, in Australia**

NEW YORK, NY

Conference call

News Corporation's earnings conference call can be heard live at 5:00pm EST on February 7, 2019. To listen to the call, please visit

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF

NEWS CORPORATION

CONSOLIDATED BALANCE SHEETS
(in millions)

	As of December 31, 2018 (unaudited)	As of June 30, 2018 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,618	$ 2,034
Receivables, net	1,853	1,612
Inventory, net	400	376
Other current assets	558	372
Total current assets	4,429	4,394
Non-current assets:		
Investments	345	393
Property, plant and equipment, net	2,517	2,560
Intangible assets, net	2,571	2,671
Goodwill	5,225	5,218
Deferred income tax assets	228	279
Other non-current assets	912	831
Total assets	$ 16,227	$ 16,346
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 625	$ 605
Accrued expenses	1,243	1,340
Deferred revenue	430	516
Current borrowings	744	462
Other current liabilities	670	372
Total current liabilities	3,712	3,295

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF CASH

The following tables reconcile reported revenues and Segment EBITDA by segment to Adjusted Revenues and Adjusted Segment EBITDA by segment for the three months ended December 31, 2018 and 2017.

	For the three months ended December 31, 2018					
	As Reported	Impact of Acquisitions	Impact of Divestitures	Impact of Foreign Currency Fluctuations	Net Impact of U.K. Newspaper Matters	As Adjusted

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, 2018 and 2017.

	For the six months ended December 31, 2018					
	As Reported	Impact of Acquisitions	Impact of Divestitures	Impact of Foreign Currency Fluctuations	Net Impact of U.K. Newspaper Matters	As Adjusted
	(in millions)					
Revenues:						
News and Information Services	$ 2,505	$ (5)	$ (1)	$ 62	$ -	$ 2,561

NOTE 3 – ADJUSTED NET INCOME (LOSS) AVAILABLE TO NEWS CORPORATION STOCKHOLDERS AND ADJUSTED EPS

The Company uses net income (loss)

NOTE 4 – PRO FORMA

The following supplemental unaudited pro forma information for the three and six months ended December 31, 2017 reflects the Company's results of operations as if the Transaction had occurred on July 1, 2016. The Company believes that the presentation of this supplemental information enhances comparability across the reporting periods. The information was prepared in accordance with Article 11 of Regulation S-X and is based on historical results of operations of News Corp and Foxtel, adjusted for the effect of any Transaction-related accounting adjustments, as described below. Pro forma adjustments were based on available information and assumptions regarding impacts that are directly attributable to the Transaction, are factually supportable, and are expected to have a continuing impact on the combined results. In addition, the pro forma information is provided for supplemental and informational purposes only, and is not necessarily indicative of what the Company's results of operations would have been, or the Company's future results of operations, had the Transaction actually occurred on the date indicated. As only the financial results for the

ns, except %)	For the three months ended December 31, 2018 As reported	2017 Pro forma	Change Better/(Worse)	% Change Better/(Worse)
es:				
lation and subscription	$ 1,029	$ 1,083	$ (54)	(5) %
rtising	718	767	(49)	(6) %
umer	478	453	25	6 %
estate	248	222	26	12 %
r	154	166	(12)	(7) %
evenues	2,627	2,691	(64)	(2) %

(in millions, except %)	For the six months ended December 31, 2018 As reported	2017 Pro forma	Change Better/(Worse)	% Change Better/(Worse)
Revenues:				
Circulation and subscription	$ 2,063	$ 2,210	$ (147)	(7) %
Advertising	1,382	1,498	(116)	(8) %
Consumer	878	839	39	5 %
Real estate				

	Pro Forma (unaudited) For the three months ended December 31, 2017			
	News Corp Historical[a]	Foxtel Historical[b]	Transaction Adjustments	Pro Forma
	(in millions, except per share amounts)			
Revenues:				
Circulation and subscription	$ 637	$ 533	$ (87) [c][d]	$ 1,083
Advertising	717	50	-	767
Consumer	453	-	-	453
Real estate	222	-	-	222
Other	151	15	-	166
Total Revenues	2,180	598	(87)	2,691
Operating expenses	(1,139)	(372)	91 [c][e]	

	Pro Forma (unaudited) For the six months ended December 31, 2017			
	News Corp Historical[a]	Foxtel Historical[b]	Transaction Adjustments	Pro Forma
	(in millions, except per share amounts)			
Revenues:				
Circulation and subscription	$ 1,288	$ 1,107	$ (185)[c][d]	$ 2,210
Advertising	1,399	99	-	1,498
Consumer	839	-	-	839
Real estate	425	-	-	425
Other	287	25	-	312
Total Revenues	4,238	1,231	(185)	5,284
Operating expenses	(2,288)	(766)	193 [c][e]	(2,861)
Selling, general and administrative	(1,374)	(227)	3 [f]	(1,598)
Depreciation and amortization	(197)	(118)	(18)[g][h][i]	(333)
Impairment and restructuring charges	(27)	(3)	-	(30)
Equity (losses) earnings of affiliates	(28)	3	4 [j]	(21)
Interest income (expense), net	7	(53)	-	(46)
Other, net	(21)	(1)	-	(22)
Income before income tax expense	310	66	(3)	373
Income tax expense	(289)	(10)	5 [k]	(294)
Net income	21	56	2	79
Less: Net income attributable to noncontrolling interests	(36)			

(h) Reflects the adjustment to depreciation and amortization expense resulting from the fair value adjustment to Foxtel's historical fixed assets in the preliminary purchase price allocation, which resulted in a step-up in the value of such assets.

(i) Reflects the reversal of amortization expense included in News Corp's historical Statements of Operations from the Company's settlement of its pre-existing contractual arrangement between Foxtel and FOX SPORTS Australia, which resulted in a write-off of its channel distribution agreement intangible asset at the time of the Transaction.

(j) Represents the impact to equity losses of affiliates as a result of the Transaction, as if the Transaction occurred on July 1, 2016. Historically News Corp accounted for its investment in Foxtel under the equity method of accounting. As a result of the Transaction, Foxtel became a majority-owned subsidiary of the Company, and therefore, the impact of Foxtel on the Company's historical equity losses of affiliates was eliminated.

(k) In determining the tax rate to apply to our pro forma adjustments we used the Australian statutory rate of 30%, which is the jurisdiction in which the business operates. However, in certain instances, the effective tax rate applied to certain adjustments differs from the statutory rate primarily as a result of certain valuation allowances on deferred tax assets, based on the Company's historical tax profile in Australia.

(l) Represents the adjustment, as a result of the Transaction, to reflect the non-controlling interest of the combined company on a pro forma basis.