

EVOLUTION PETROLEUM CORP  
Form S-3/A  
June 19, 2013

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As filed with the Securities and Exchange Commission on June 19, 2013

Registration No. 333-188705

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Amendment No. 1  
to

**Form S-3**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**EVOLUTION PETROLEUM CORPORATION**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**41-1781991**

(IRS Employer  
Identification No.)

**Evolution Petroleum Corporation  
2500 City West Blvd., Suite 1300  
Houston, Texas 77042  
(713) 935-0122**

(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

**Robert S. Herlin  
President and Chief Executive Officer  
Evolution Petroleum Corporation  
2500 City West Blvd., Suite 1300  
Houston, Texas 77042  
(713) 935-0122**

(Name and address, including zip code, and telephone  
number, including area code, of agent for service)

copy to:

**Michael T. Larkin, Esq.  
Adams and Reese LLP  
1221 McKinney, Suite 4400  
Houston, Texas 77010  
(713) 652-5151**

**Approximate date of commencement of proposed sale of securities to the public:  
From time to time after the effective date of this registration statement.**

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462 (c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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. (Check one):

Large accelerated filer                       Accelerated filer                       Non-accelerated filer                       Smaller reporting company

### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered / proposed maximum offering price per unit/ proposed maximum offering price(1)(2)	Amount of registration fee(3)
Common Stock		
Preferred Stock(2)		
Securities Warrants(2)		
Debt Securities(2)		
<b>Total</b>	\$500,000,000	\$65,200.63(4)

(1) There are being registered an indeterminate principal amount or number of common stock, preferred stock, securities warrants and debt securities as shall have an aggregate initial offering price of the securities issued or sold under this Registration Statement not to exceed \$500,000,000. Separate consideration may or may not be received for securities that are being registered that are issued in exchange for, or upon conversion or exercise of, the preferred stock, securities warrants or debt securities being registered hereunder.

(2) Subject to footnote (1), this registration statement also covers an indeterminate amount of Common Stock and/or Preferred Stock that may be issued in exchange for, or upon conversion or exercise of, the preferred stock, securities warrants or debt securities being registered. Any securities being registered may be sold separately or as units with other securities being registered.

(3) Calculated in accordance with Rule 457(o).

(4) Pursuant to Rule 457(p) under the Securities Act, the registrant hereby offsets \$2,999.37 of the registration fee of \$68,200 required in connection with this registration statement as \$2,999.37 was previously paid but unused in connection with the registrant's registration statement No. 333-168107, filed on July 14, 2010. Accordingly, a filing fee of \$65,200.63 was previously paid with the initial filing of this Registration Statement on May 20, 2013.

Pursuant to Rule 415(a)(6) under the Securities Act, the securities registered pursuant to this Registration Statement include, as of the date of filing of this Registration Statement, \$42,067,025 of unsold debt securities, common stock, preferred stock and warrants previously registered on the Registrant's Registration Statement on Form S-3 (Registration No. 333-168107), which we refer to as the Prior Registration Statement. In connection

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with the registration of such unsold securities on the Prior Registration Statement, the Registrant paid a registration fee of \$3,565 which will continue to be applied to such unsold securities. Pursuant to Rule 415(a)(6), the offering of the unsold securities registered under the Prior Registration Statement will be deemed terminated as of the date of effectiveness of this Registration Statement. If the Registrant sells any of such unsold securities pursuant to the Prior Registration Statement after the date of filing, and prior to the date of effectiveness, of this Registration Statement, the Registrant will file a pre-effective amendment to this Registration Statement which will reduce the number of such unsold securities included on this Registration Statement and increase the additional securities registered hereon so that the total amount of securities registered hereon will equal \$500,000,000, as reflected in footnote (1) to the table above, and will pay the additional registration fee resulting therefrom.

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**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**PROSPECTUS**

**Subject to completion, dated June 19, 2013**

## **EVOLUTION PETROLEUM CORPORATION**

**\$500,000,000  
Common Stock  
Preferred Stock  
Warrants  
Debt Securities**

We may offer and sell, from time to time in one or more offerings, up to \$500,000,000 in the aggregate of common stock, preferred stock, or warrants to purchase our common stock or preferred stock, or debt securities, at prices and on terms that we will determine at the time of the offering. Preferred stock and debt securities may also be convertible into preferred stock or common stock.

This prospectus describes some of the general terms that may apply to these securities. Each time we sell securities, to the extent required by applicable law, we will provide a supplement to this prospectus that contains specific information about the offering and the terms of the securities being offered. The supplement may also add, update or change information contained in this prospectus. **You should carefully read this prospectus, all prospectus supplements and all other documents incorporated by reference in this prospectus before you invest in our securities.**

We will offer the securities in amounts, at prices and on terms to be determined by market conditions at the time of the offerings. The securities may be offered separately or together in any combination.

The securities may be offered and sold on a delayed or continuous basis directly by us or through underwriters, agents or dealers as designated from time to time, through a combination of these methods or any other method as provided in the applicable prospectus supplement. The supplements to this prospectus will designate the terms of our plan of distribution. See the discussion under the heading "Plan of Distribution" for more information on the topic.

Our executive offices are located at 2500 City West Blvd., Suite 1300, Houston, Texas 77042, and our telephone number is (713) 935-0122. Our common stock trades on the NYSE MKT under the symbol "EPM."

**Investing in our securities involves risk. Please see "*Risk Factors*" beginning on page 1 for a discussion of certain risks that you should consider before investing in our securities.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

**The date of this prospectus is June 19, 2013.**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission using a "shelf" registration process. Using this process, we may sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$500,000,000.

This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will describe the specific terms of the offering. The prospectus supplement may also add to or update other information contained in this prospectus.

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement we may authorize to be delivered to you. This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. You may obtain a copy of this information, without charge, as described in the "Where You Can Find More Information" section. We have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it.

You should not assume that the information appearing in this prospectus is accurate as of any date other than the date on the front cover of this prospectus. You should not assume that the information contained in the documents incorporated by reference in this prospectus is accurate as of any date other than the respective dates of those documents. Our business, financial condition, results of operations, reserves and prospects may have changed since that date.

We encourage you to read this entire prospectus together with the documents incorporated by reference into this prospectus before making a decision whether to invest in our securities.

**ABOUT EVOLUTION PETROLEUM CORPORATION**

*In this prospectus, "Evolution," "we," "our," and "us" refer to Evolution Petroleum Corporation*

We are a petroleum company engaged primarily in the acquisition, exploitation and development of properties for the production of crude oil and natural gas. We acquire known, underdeveloped oil and natural gas resources and exploit them through the application of capital and technology to increase production, ultimate recoveries, or both.

We are a Nevada corporation. Our principal executive offices are located at 2500 City West Blvd., Suite 1300, Houston, Texas 77042. Our telephone number is (713) 935-0122. We maintain a Web site at [www.evolutionpetroleum.com](http://www.evolutionpetroleum.com), which contains information about us. Our Web site and the information contained on it and connected to it will not be deemed incorporated by reference into this prospectus. Our common stock is listed on the NYSE MKT under the symbol "EPM."

**RISK FACTORS**

An investment in our securities involves a high degree of risk. You should carefully consider the risk factors and all other information contained in our most recent Annual Report on Form 10-K, in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K before investing in our securities. You should also consider similar information contained in any Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other document filed by us with the SEC after the date of this prospectus before deciding to invest in our securities. If any of these risks were to occur, our business, financial condition or results of operations could be adversely affected. In that case, the trading price of our common stock or other securities could decline and you could lose all or part of your investment. When we offer and sell any securities pursuant to a prospectus

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supplement, we may include additional risk factors relevant to such securities in the prospectus supplement.

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS**

Certain information included in this prospectus may be deemed to be forward-looking statements. Where any forward-looking statement includes a statement of the assumptions or bases underlying the forward-looking statement, we caution that, while we believe these assumptions or bases to be reasonable and made in good faith, assumed facts or bases almost always vary from the actual results, and the differences between assumed facts or bases and actual results can be material, depending upon the circumstances. Where, in any forward-looking statement, we or our management express an expectation or belief as to future results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. We cannot assure you, however, that the statement of expectation or belief will result or be achieved or accomplished. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," and similar terms and phrases, including references to assumptions. These statements are contained in the section "Risk Factors" and other sections of this prospectus. These forward looking statements involve risks and uncertainties that may cause our actual future activities and results of operations to be materially different from those suggested or described in this prospectus. These risks include the risks that are identified in the "Risk Factors" section of this prospectus, and also include, among others, expectations regarding the following:

amount, nature and timing of capital expenditures;

drilling of wells and other planned exploitation activities;

timing and amount of future production of oil and natural gas;

increases in production growth and proved reserves;

operating costs such as lease operating expenses, administrative costs and other expenses;

our future operating or financial results;

cash flow and anticipated liquidity;

our business strategy and the availability of acquisition opportunities;

hedging strategy;

exploration and exploitation activities and property acquisitions;

marketing of oil and natural gas;

governmental and environmental regulation of the oil and gas industry;

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environmental liabilities relating to potential pollution arising from our operations;

contingent liabilities from litigation;

title to our oil and gas properties;

our level of indebtedness;

timing and amount of future dividends;

industry competition, conditions, performance and consolidation;



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natural events such as severe weather, hurricanes, floods, fire and earthquakes; and

uncertainties and difficulties associated with the integration and operation of recently acquired properties.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected.

## THE COMPANY

We are a petroleum company engaged primarily in the acquisition, exploitation and development of properties for the production of crude oil and natural gas, onshore in the United States. We acquire known, underdeveloped oil and natural gas resources and exploit them through the application of capital, sound engineering and modern technology to increase production, ultimate recoveries, or both.

We are focused on increasing underlying net asset values on a per share basis. In doing so, we depend on a conservative capital structure, allowing us to maintain financial control of our assets for the benefit of our shareholders, including approximately 24% beneficially owned by all of our directors, officers and employees.

Our strategy is intended to generate scalable, low unit cost, development and re-development opportunities that minimize or eliminate exploration risks. These opportunities involve the application of modern technology, our own proprietary technology and our specific expertise in overlooked areas of the United States.

Within this overall strategy, our initiatives include:

- I Enhanced oil recovery ("EOR"), using miscible and immiscible gas flooding;
- II Bypassed primary resources; and
- III Unconventional development, especially utilizing our staff expertise in horizontal drilling.

Our most significant core asset is our EOR project in the 13,636 acre Delhi Field, located in northeast Louisiana. Our interests consist of 7.4% in overriding and mineral royalty interests, a 23.9% after pay-out reversionary working interest (19.1% revenue interest) in the Delhi Field Holt Bryant Unit, and an approximately 25% working interest (approximately 20% revenue interest) in certain other depths in the Delhi Field, resulting from the Farmout we completed on June 12, 2006, with Denbury Onshore LLC, a subsidiary of Denbury Resources Inc. (the "Operator") (the "Delhi Farmout"). The Holt Bryant Unit in the Delhi Field is currently being redeveloped by the Operator, using CO2 enhanced oil recovery technology and a dedicated portion of the Operator's proved CO2 reserves in the Jackson Dome, located approximately 100 miles east of Delhi. Following several years of development by the Operator, CO2 injection had begun in the Holt Bryant Unit in the Delhi Field in November 2009, followed by initial oil production in March 2010.

Our other two core assets include participation in the emerging Mississippian Lime prospect of North Central Oklahoma and our patented artificial lift technology.

In our Mississippian Lime prospect, we owned approximately 4,348 net acres at May 1, 2013 in Kay County, OK, through our joint venture participation with Orion Exploration. As operator, Orion manages field operations from its office in Tulsa, OK. Currently we also own an average 40.8% net interest in two MS Lime test producers and a 45% net interest in a saltwater disposal well recently drilled by the partners. Based on results to date, economic viability of this project remains uncertain.

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Our GARP® asset (Gas Assisted Rod Pump) is a patented artificial lift technology we designed to extend the life of late stage horizontal and vertical wells with oil or associated water production. At May 1, 2013, we had three commercial GARP® demonstration wells producing with two joint venture partners. To date, the demonstrations have successfully re-established commercial production in paying quantities. A fourth GARP® installation has been contracted, with installation pending AFE approval of the minority partners. Although these demonstration wells show promising results, widespread commercialization has been, and is expected, to be slow.

Our long-term strategy and primary focus continue to be on increasing share value through the identification and acquisition of resources and conversion of those resources into proved reserves through our expertise and technology.

### RATIOS OF EARNINGS TO FIXED CHARGES AND TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

Our ratios of earnings to fixed charges and our ratios of earnings to combined fixed charges and tax-adjusted preferred stock dividends were as follows for the periods indicated in the table below. See Exhibit 12 for explanation of the calculations and key terms.

(Dollar amounts in thousands)	Nine Months Ended			Year ended June 30,		
	March 31, 2013*	2012*	2011*	2010**	2009**	2008**
Earnings	\$ 7,776	\$ 7,969	\$ 256	\$ (3,513)	\$ (3,569)	\$ (2,609)
Fixed Charges	\$ 221	\$ 221	\$ 49	\$ 46	\$ 50	\$ 47
Tax-adjusted Preferred Stock Dividends	\$ 763	\$ 1,085	\$	\$	\$	\$
Ratio of Earnings to Fixed Charges	35	36	5			
Fixed charges coverage deficiency				\$ 46	\$ 50	\$ 47
Ratio of Earnings to Combined Fixed Charges and Tax-adjusted Preferred Stock Dividends	8	6	5			
Combined coverage deficiency				\$ 46	\$ 50	\$ 47

\*

In the years ended June 30, 2011 and 2012 and in the nine months ended March 31, 2013, there were no fixed charge coverage deficiencies and no combined fixed charge and tax-adjusted preferred stock dividend deficiencies.

\*\*

In years ended June 30, 2008, 2009 and 2010, earnings were insufficient to cover fixed charges and, accordingly, no ratios are shown.

### USE OF PROCEEDS

Unless otherwise specified in a prospectus supplement accompanying this prospectus, we expect to use the net proceeds from the sale of our securities for general corporate purposes, which may include, among other things, the financing of capital expenditures, refinancings or recapitalization transactions, acquisitions and additions to our working capital. The actual application of proceeds from the sale of any particular tranche of securities issued hereunder will be described in the applicable prospectus supplement relating to such tranche of securities. Until we use the net proceeds from the sale of securities for these purposes, we may place the net proceeds in temporary investments.

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**DESCRIPTION OF CAPITAL STOCK**

The following description of our capital stock summarizes general terms and provisions that apply to our capital stock. Since this is only a summary, it does not contain all of the information that may be important to you. The summary is subject to and qualified in its entirety by reference to our articles of incorporation, as amended, our Certificate of Designation of Rights and Preferences for our 8.5% Series A Cumulative Preferred Stock and our bylaws, as amended, which are filed as exhibits to the registration statement of which this prospectus is a part and incorporated by reference into this prospectus. See "Where You Can Find More Information."

Our authorized capital consists of 105,000,000 shares of stock \$0.001 par value per share. Of the authorized capital, 100,000,000 shares are authorized to be issued as common stock, 1,000,000 shares are authorized to be issued as 8.5% Series A Cumulative Preferred Stock and 4,000,000 shares remain authorized and undesignated to be issued as preferred stock. As of March 31, 2013, our issued and outstanding shares of common stock were 29,190,858 and 28,400,041, respectively, and our issued and outstanding shares of 8.5% Series A Cumulative Preferred Stock were 317,319 shares.

**Common Stock**

For all matters submitted to a vote of stockholders, holders of common stock are entitled to one vote for each share registered in his or her name on our books, and they do not have cumulative voting rights. Each share of the common stock is entitled to share equally with each other share of common stock in dividends from sources legally available therefore, when, as, and if declared by the board of directors and, upon our liquidation or dissolution, whether voluntary or involuntary, to share equally in the assets that are available for distribution to the holders of the common stock. We have not paid any cash dividends since our inception. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The board of directors is authorized to issue additional shares of common stock within the limits authorized by our Articles of Incorporation and without stockholder action.

Our common stock is listed and traded on the NYSE MKT under the symbol "EPM".

**Preferred Stock**

Our board of directors, without further action by shareholders, may issue shares of our preferred stock. The rights, preferences, privileges and restrictions of each series of preferred stock will be fixed by the certificate of designation relating to that series. We presently have authorized one series of preferred stock.

*Series A Preferred Stock*

As of March 31, 2013, there were 1,000,000 shares of our authorized preferred stock designated as 8.5% Series A Cumulative Preferred Stock, of which 317,319 shares were issued and outstanding.

The rights, preferences, privileges and restrictions of shares of the Series A Preferred Stock have been fixed in a certificate of designation (as amended or supplemented, the "Series A Certificate of Designation") and the material provisions are described below. The following description of our Series A Preferred Stock is intended as a summary only and does not purport to be complete, and is qualified in its entirety by reference to the Series A Certificate of Designation, our certificate of incorporation and our bylaws, which are filed as exhibits to this registration statement, of which this prospectus forms a part, and to the applicable provisions of Nevada law. We urge you to read the certificate of designation because it, and not this description, defines the rights of holders of shares of Series A Preferred Stock.

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*Dividends*

Holders of the Series A Preferred Stock are entitled to receive, when and as declared by the board of directors, out of funds legally available for the payment of dividends, cumulative cash dividends on the Series A Preferred Stock at a rate of 8.5% per annum of the \$25.00 liquidation preference per share payable monthly at the rate of \$0.177083 per share (equivalent to \$2.124996 per annum per share). However, if any four consecutive or non-consecutive "Quarterly Dividend Defaults" (as described below) occur or if we fail to maintain the listing of the Series A Preferred Stock on the New York Stock Exchange, the NYSE.MTK or The NASDAQ Global, Global Select or Capital Market, or a comparable national securities exchange (each a "national exchange") for 180 consecutive days, the dividend rate on the Series A Preferred Stock will increase to 10.5% per annum until such time as the dividend arrearage is eliminated or the Series A Preferred Stock becomes listed on a national exchange. A "Quarterly Dividend Default" occurs if we fail to pay cash dividends on the Series A Preferred Stock in full for any monthly dividend period within a calendar quarter, provided that only one Quarterly Dividend Default may occur during each calendar quarter and only four Quarterly Dividend Defaults may occur within a calendar year.

*Redemption Rights*

The Series A Preferred Stock does not have any stated maturity date and is not subject to any sinking fund or mandatory redemption provisions, except under some circumstances upon a "Change of Ownership or Control" (as described below). Accordingly, the shares of Series A Preferred Stock will remain outstanding indefinitely unless we decide to redeem them or purchase all or a portion of the shares in the open market. We are not required to set aside funds to redeem the Series A Preferred Stock. We may not redeem the Series A Preferred Stock prior to July 1, 2014, except pursuant to the special redemption upon a Change of Ownership or Control discussed below. On and after July 1, 2014, we may redeem the Series A Preferred Stock for cash at our option, from time to time, in whole or in part, at a redemption price of \$25.00 per share, plus accrued and unpaid dividends (whether or not earned or declared) up to the redemption date.

Following a "Change of Ownership or Control" (as such term is defined in the Series A Certificate of Designation) of us by a person, entity or group other than a "Qualifying Public Company" (as such term is defined in the Series A Certificate of Designation), we (or the acquiring entity) will have the option to redeem the Series A Preferred Stock, in whole but not in part, within 90 days after the date on which the Change of Ownership or Control has occurred, for cash at the following price per share, plus accrued and unpaid dividends (whether or not earned or declared) up to the redemption date:

<b>Redemption Date</b>	<b>Redemption Price</b>	
On or before July 1, 2012	\$	25.75
After July 1, 2012 and on or before July 1, 2013	\$	25.50
After July 1, 2013 and on or before July 1, 2014	\$	25.25
On or after July 2, 2014	\$	25.00

*Liquidation Preference*

In the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of the Series A Preferred Stock are entitled to receive, from the assets remaining after payment of liabilities, subject to the distribution rights of any parity shares or senior shares (as described below), but before any distribution of assets to the holders of our common stock or other junior shares (as described below), cash in an amount equal to \$25.00 per share, plus accrued and unpaid dividends (whether or not earned or declared) up to the distribution date.

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*Conversion Rights*

The Series A Preferred Stock is not convertible into or exchangeable for any stock or other securities or property of the Company.

*Ranking*

The Series A Preferred Stock ranks (i) senior to our common stock and any other equity securities that we may issue in the future, the terms of which specifically provide that such equity securities rank junior to the Series A Preferred Stock, in each case with respect to payment of dividends and amounts upon liquidation, dissolution or winding up, referred to as "junior shares"; (ii) equal to any shares of equity securities that we may issue in the future, the terms of which specifically provide that such equity securities rank on par with the Series A Preferred Stock, in each case with respect to payment of dividends and amounts upon liquidation, dissolution or winding up, referred to as "parity shares"; (iii) junior to all other equity securities issued by us, the terms of which specifically provide that such equity securities rank senior to the Series A Preferred Stock, in each case with respect to payment of dividends and amounts upon liquidation, dissolution or winding up (any such creation would require the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock), referred to as "senior shares"; and (iv) junior to all our existing and future indebtedness.

*Voting Rights*

Holders of our Series A Preferred Stock will generally only be entitled to vote on certain acquisitions and share exchange transactions and changes that would be materially adverse to the rights of holders of Series A Preferred Stock. However, if cash dividends on any outstanding Series A Preferred Stock have not been paid in full for any monthly dividend period for any four accumulated consecutive or non-consecutive quarterly periods (or nonpayment of one monthly dividend which remains unpaid until the next succeeding dividend payment date for payment defaults occurring after the initial payment default), or if we fail to maintain the listing of the Series A Preferred Stock on a national exchange for at least 180 consecutive days (or 90 consecutive days for listing defaults occurring after the initial listing default), the holders of the Series A Preferred Stock, voting separately as a class with holders of all other series of parity shares upon which like voting rights have been conferred and are exercisable, will have the right to elect two directors to serve on our board of directors in addition to those directors then serving on our board of directors until such time as the Series A Preferred Stock becomes listed on a national exchange or the dividend rate is restored to the stated rate.

Our Series A Preferred stock is listed and traded on the NYSE MKT under the symbol EPM.PR.A.

If we offer additional series of preferred stock, or increase the authorized shares of our Series A Preferred Stock, we will file the terms of the preferred stock with the SEC, and the prospectus supplement relating to that offering will include a description of the specific terms of the offering, including the following specific terms:

the series, the number of shares offered and the liquidation value of the preferred stock;

the price at which the preferred stock will be issued;

the dividend rate, the dates on which the dividends will be payable and other terms relating to the payment of dividends on the preferred stock;

the liquidation preference of the preferred stock;

the voting rights of the preferred stock;

whether the preferred stock is redeemable or subject to a sinking fund, and the terms of any such redemption or sinking fund;

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whether the preferred stock is convertible or exchangeable for any other securities, and the terms of any such conversion;  
and

any additional rights, preferences, qualifications, limitations and restrictions of the preferred stock.

Our board of directors is authorized to designate and issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

It is not possible to state the actual effect of the issuance of any additional shares of preferred stock upon the rights of holders of our common stock until the board of directors determines the specific rights of the holders of the preferred stock. However, these effects might include:

restricting dividends on the common stock;

diluting the voting power of the common stock;

impairing the liquidation rights of the common stock; and

delaying or preventing a change in control of our company.

**Anti-Takeover Provisions Under Nevada Law.**

**Combinations with Interested Stockholder.** Sections 78.411-78.444, inclusive, of the Nevada Revised Statutes ("NRS") contain provisions governing combinations with an interested stockholder. For purposes of the NRS, "combinations" include: (i) any merger or consolidation with any interested stockholder, (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition to any interested stockholder of corporate assets with an aggregate market value equal to 5% or more of the aggregate market value of the corporation's consolidated assets, 5% or more of the outstanding shares of the corporation or 10% or more of the earning power or net income of the corporation; (iii) the issuance to any interested stockholder of voting shares (except pursuant to a share dividend or similar proportionate distribution) with an aggregate market value equal to 5% or more of the aggregate market value of all the outstanding shares of the corporation, (iv) the dissolution of the corporation if proposed by or on behalf of any interested stockholder, (v) any reclassification of securities, recapitalization or corporate reorganization that will have the effect of increasing the proportionate share of the corporation's outstanding voting shares held by any interested stockholder and (vi) any receipt by the interested stockholder of the benefit (except proportionately as a stockholder) of any loan, advance, guarantee, pledge or other financial assistance. For purposes of the NRS, an "interested stockholder" is defined to include any beneficial owner of more than 10% of any class of the voting securities of a Nevada corporation and any person who is an affiliate or associate of the corporation and was at any time during the preceding three years the beneficial owner or more than 10% of any class of the voting securities of the Nevada corporation.

Subject to certain exceptions, the provisions of the NRS statute governing combinations with interested stockholders provide that a Nevada corporation may not engage in a combination with an interested stockholder for two years after the date that the person first became an interested stockholder unless the combination or the transaction by which the person first became an interested stockholder is approved by the board of directors before the person first became an interested stockholder.

**Control Share Acquisitions.** The NRS also contains a "control share acquisitions statute." If applicable to a Nevada corporation this statute restricts the voting rights of certain stockholders referred to as "acquiring persons," that acquire or offer to acquire ownership of a "controlling interest" in the outstanding voting stock of an "issuing corporation." For purposes of these provisions a

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"controlling interest" means with certain exceptions the ownership of outstanding voting stock sufficient to enable the acquiring person to exercise one-fifth or more but less than one-third, one-third or more but less than a majority, or a majority or more of all voting power in the election of directors and "issuing corporation" means a Nevada corporation that has 200 or more stockholders of record, at least 100 of whom have addresses in Nevada appearing on the stock ledger of the corporation, and which does business in Nevada directly or through an affiliated corporation. The voting rights of an acquiring person in the affected shares will be restored only if such restoration is approved by the holders of a majority of the voting power of the corporation. The NRS allows a corporation to "opt-out" of the control share acquisitions statute by providing in such corporation's articles of incorporation or bylaws that the control share acquisitions statute does not apply to the corporation or to an acquisition of a controlling interest specifically by types of existing or future stockholders, whether or not identified.

**Transfer Agent or Registrar**

Continental Stock Transfer & Trust Company is the transfer agent and registrar of our common stock and our Series A Preferred Stock.

**DESCRIPTION OF WARRANTS**

We may issue warrants for the purchase of common stock or preferred stock. Warrants may be issued independently or together with common stock or preferred stock offered by any prospectus supplement and may be attached to or separate from any such offered securities. Series of warrants may be issued under a separate warrant agreement entered into between us and a bank or trust company, as warrant agent, all as will be set forth in the prospectus supplement relating to the particular issue of warrants. The warrant agent would act solely as our agent in connection with the warrants and would not assume any obligation or relationship of agency or trust for or with any holders of warrants or beneficial owners of warrants.

The following summary of certain provisions of the warrants does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the warrant agreements.

Reference is made to the prospectus supplement relating to the particular issue of warrants offered pursuant to such prospectus supplement for the terms of and information relating to such warrants, including, where applicable:

the number of shares of common stock or preferred stock purchasable upon the exercise of warrants to purchase common stock or preferred stock and the price at which such number of shares of common stock or preferred stock may be purchased upon such exercise;

the date on which the right to exercise such warrants shall commence and the date on which such right shall expire;

United States federal income tax consequences applicable to such warrants;

the amount of warrants outstanding as of the most recent practicable date; and

any other terms of such warrants.

Warrants will be issued in registered form only. The exercise price for warrants will be subject to adjustment in accordance with the applicable prospectus supplement.

Each warrant will entitle the holder thereof to purchase such number of shares of common stock or preferred stock at such exercise price as shall in each case be set forth in, or calculable from, the prospectus supplement relating to the warrants, which exercise price may be subject to adjustment upon the occurrence of certain events as set forth in such prospectus supplement. After the close of business on the expiration date, or such later date to which such expiration date may be extended by us,

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unexercised warrants will become void. The place or places where, and the manner in which, warrants may be exercised shall be specified in the prospectus supplement relating to such warrants.

Prior to the exercise of any warrants to purchase common stock or preferred stock, holders of such warrants will not have any of the rights of holders of common stock or preferred stock, as the case may be, purchasable upon such exercise, including the right to receive payments of dividends, if any, on the common stock purchasable upon such exercise, or to exercise any applicable right to vote.

**DESCRIPTION OF DEBT SECURITIES**

This section describes the general terms of debt securities to which any prospectus supplement may relate. A prospectus supplement will describe the terms relating to any debt securities to be offered in greater detail, and may provide information that is different from this prospectus. If the information in the prospectus supplement differs with respect to the particular debt securities being offered from this prospectus, you should rely on the information in the prospectus supplement. The debt securities may be issued from time to time in one or more series. The particular terms of each series that are offered by a prospectus supplement will be described in the prospectus supplement.

We may conduct a portion of our operations through subsidiaries. As a result, the rights of our company and our creditors, including holders of the debt securities, to participate in the assets of any subsidiary upon the latter's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors, except to the extent that we may ourselves be a creditor with recognized claims against such subsidiary.

The debt securities will be either our senior debt securities or our subordinated debt securities. The senior debt securities and the subordinated debt securities will be issued under separate indentures among us, and a trustee that meets certain requirements and is selected by us (the "Trustee"). Senior debt securities will be issued under a "Senior Indenture" and subordinated debt securities will be issued under a "Subordinated Indenture." Together, the Senior Indenture and the Subordinated Indenture are called "Indentures."

We have summarized selected provisions of the Indentures below. The summary is not complete and is qualified in its entirety by express reference to the provisions of the Indentures. The form of each Indenture has been filed with the SEC as an exhibit to the registration statement of which this prospectus is a part, and you should read the Indentures for provisions that may be important to you. In the summary below, we have included references to article or section numbers of the applicable Indenture so that you can easily locate these provisions. Whenever we refer in this prospectus or in the prospectus supplement to particular article or sections or defined terms of the Indentures, those article or sections or defined terms are incorporated by reference herein or therein, as applicable. The Indentures will be subject to and governed by certain provisions of the Trust Indenture Act of 1939, and we refer you to the Indentures and the Trust Indenture Act for a statement of such provisions. Capitalized terms used in the summary have the meanings specified in the Indentures.

**General**

We may offer debt securities under this prospectus. The Indentures do not limit the aggregate amount of debt securities, and we may issue debt securities up to the aggregate principal amount which may be authorized from time to time by the board of directors. The Indentures provide that debt securities in separate series may be issued thereunder from time to time without limitation as to aggregate principal amount. We may specify a maximum aggregate principal amount for the debt securities of any series (Section 301). We will determine the terms and conditions of the debt securities, including the maturity, principal and interest, but those terms must be consistent with the Indenture. The debt securities will be our unsecured obligations.



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The subordinated debt securities will be subordinated in right of payment to the prior payment in full of all of our Senior Debt (as defined) as described under " Subordination of Subordinated Debt Securities" and in the prospectus supplement applicable to any subordinated debt securities. If the prospectus supplement so indicates, the debt securities will be convertible into our common stock (Section 301).

The applicable prospectus supplement will set forth the price or prices at which the debt securities to be offered will be issued and will describe the following terms of such debt securities:

- (1) the designation, aggregate principal amount and authorized denominations of the debt securities;
- (2) whether the debt securities are senior debt securities or subordinated debt securities and, if subordinated debt securities, the related subordination terms;
- (3) any limit on the aggregate principal amount of the debt securities;
- (4) the dates on which the principal of the debt securities will be payable;
- (5) the interest rate that the debt securities will bear and the interest payment dates for the debt securities;
- (6) the places where payments on the debt securities will be payable;
- (7) any terms upon which the debt securities may be redeemed, in whole or in part, at our option;
- (8) any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;
- (9) the portion of the principal amount, if less than all, of the debt securities that will be payable upon declaration of acceleration of the Maturity of the debt securities;
- (10) whether the debt securities are defeasible;
- (11) any addition to or change in the Events of Default;
- (12) whether the debt securities are convertible into our common stock or preferred stock and, if so, the terms and conditions upon which conversion will be effected, including the initial conversion price or conversion rate and any adjustments thereto and the conversion period;
- (13) any addition to or change in the covenants in the Indenture applicable to the debt securities; and
- (14) any other terms of the debt securities not inconsistent with the provisions of the Indenture (Section 301).

Debt securities, including Original Issue Discount Securities, may be sold at a substantial discount below their principal amount. Special United States federal income tax considerations applicable to debt securities sold at an original issue discount may be described in the applicable prospectus supplement. In addition, special United States federal income tax or other considerations applicable to any debt securities that are denominated in a currency or currency unit other than United States dollars may be described in the applicable prospectus supplement.

**Senior Debt Securities**

The senior debt securities will be our direct-unsecured obligations and will constitute senior indebtedness (in each case as defined in the applicable Supplemental Indenture) ranking on a parity with all of our other unsecured and unsubordinated indebtedness.

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**Subordination of Subordinated Debt Securities**

The indebtedness evidenced by the subordinated debt securities will, to the extent set forth in the Subordinated Indenture with respect to each series of subordinated debt securities, be subordinate in right of payment to the prior payment in full of all of our Senior Debt, including the senior debt securities, and it may also be senior in right of payment to all of our Subordinated Debt (Article Twelve of the Subordinated Indenture). The prospectus supplement relating to any subordinated debt securities will summarize the subordination provisions of the Subordinated Indenture applicable to that series including:

the applicability and effect of such provisions upon any payment or distribution respecting that series following any liquidation, dissolution or other winding-up, or any assignment for the benefit of creditors or other marshaling of assets or any bankruptcy, insolvency or similar proceedings;

the applicability and effect of such provisions in the event of specified defaults with respect to any Senior Debt, including the circumstances under which and the periods in which we will be prohibited from making payments on the subordinated debt securities; and

the definition of Senior Debt applicable to the subordinated debt securities of that series and, if the series is issued on a senior subordinated basis, the definition of Subordinated Debt applicable to that series.

The prospectus supplement will also describe as of a recent date the approximate amount of Senior Debt to which the subordinated debt securities of that series will be subordinated.

The failure to make any payment on any of the subordinated debt securities by reason of the subordination provisions of the Subordinated Indenture described in the prospectus supplement will not be construed as preventing the occurrence of an Event of Default with respect to the subordinated debt securities arising from any such failure to make payment.

The subordination provisions described above will not be applicable to payments in respect of the subordinated debt securities from a defeasance trust established in connection with any legal defeasance or covenant defeasance of the subordinated debt securities as described under " Legal Defeasance and Covenant Defeasance."

**Form, Exchange and Transfer**

The debt securities of each series will be issuable only in fully registered form, without coupons, and, unless otherwise specified in the applicable prospectus supplement, only in denominations of \$1,000 and integral multiples or divisions thereof (Section 302).

At the option of the Holder, subject to the terms of the applicable Indenture and the limitations applicable to Global Securities, debt securities of each series will be exchangeable for other debt securities of the same series of any authorized denomination and of a like tenor and aggregate principal amount (Section 305).

Subject to the terms of the applicable Indenture and the limitations applicable to Global Securities, debt securities may be presented for exchange as provided above or for registration of transfer (duly endorsed or with the form of transfer endorsed thereon duly executed) at the office of the Security Registrar or at the office of any transfer agent designated by us for such purpose. No service charge will be made for any registration of transfer or exchange of debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in that connection. Such transfer or exchange will be effected upon the Security Registrar or such transfer agent, as the case may be, being satisfied with the documents of title and identity of the person making the request. The Security Registrar and any other transfer agent initially designated by us for any debt

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securities will be named in the applicable prospectus supplement (Section 305). We may at any time designate additional transfer agents or rescind the designation of any transfer agent or approve a change in the office through which any transfer agent acts, except that we will be required to maintain a transfer agent in each Place of Payment for the debt securities of each series (Section 1002).

If the debt securities of any series (or of any series and specified tenor) are to be redeemed in part, we will not be required to (1) issue, register the transfer of or exchange any debt security of that series (or of that series and specified tenor, as the case may be) during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any such debt security that may be selected for redemption and ending at the close of business on the day of such mailing or (2) register the transfer of or exchange any debt security so selected for redemption, in whole or in part, except the unredeemed portion of any such debt security being redeemed in part (Section 305).

**Global Securities**

Some or all of the debt securities of any series may be represented, in whole or in part, by one or more Global Securities that will have an aggregate principal amount equal to that of the debt securities they represent. Each Global Security will be registered in the name of a Depository or its nominee identified in the applicable prospectus supplement, will be deposited with such Depository or nominee or its custodian and will bear a legend regarding the restrictions on exchanges and registration of transfer thereof referred to below and any such other matters as may be provided for pursuant to the applicable Indenture.

Notwithstanding any provision of the Indentures or any debt security described in this prospectus, no Global Security may be exchanged in whole or in part for debt securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any person other than the Depository for such Global Security or any nominee of such Depository unless:

- (1) the Depository has notified us that it is unwilling or unable to continue as Depository for such Global Security or has ceased to be qualified to act as such as required by the applicable Indenture, and in either case we fail to appoint a successor Depository within 90 days;
- (2) an Event of Default with respect to the debt securities represented by such Global Security has occurred and is continuing and the Trustee has received a written request from the Depository to issue certificated debt securities; or
- (3) other circumstances exist, in addition to or in lieu of those described above, as may be described in the applicable prospectus supplement.

All debt securities issued in exchange for a Global Security or any portion thereof will be registered in such names as the Depository may direct (Sections 205 and 305).

As long as the Depository, or its nominee, is the registered holder of a Global Security, the Depository or such nominee, as the case may be, will be considered the sole owner and Holder of such Global Security and the debt securities that it represents for all purposes under the debt securities and the applicable Indenture (Section 308). Except in the limited circumstances referred to above, owners of beneficial interests in a Global Security will not be entitled to have such Global Security or any debt securities that it represents registered in their names, will not receive or be entitled to receive physical delivery of certificated debt securities in exchange for those interests and will not be considered to be the owners or Holders of such Global Security or any debt securities that it represents for any purpose under the debt securities or the applicable Indenture. All payments on a Global Security will be made to the Depository or its nominee, as the case may be, as the Holder of the security. The laws of some jurisdictions require that some purchasers of debt securities take physical delivery of such debt

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securities in definitive form. These laws may impair the ability to transfer beneficial interests in a Global Security.

Ownership of beneficial interests in a Global Security will be limited to institutions that have accounts with the Depositary or its nominee ("participants") and to persons that may hold beneficial interests through participants. In connection with the issuance of any Global Security, the Depositary will credit, on its book-entry registration and transfer system, the respective principal amounts of debt securities represented by the Global Security to the accounts of its participants. Ownership of beneficial interests in a Global Security will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the Depositary (with respect to participants' interests) or any such participant (with respect to interests of persons held by such participants on their behalf). Payments, transfers, exchanges and other matters relating to beneficial interests in a Global Security may be subject to various policies and procedures adopted by the Depositary from time to time. None of us, the Subsidiary Guarantors, the Trustees or the agents of ourself, the Subsidiary Guarantors or the Trustees will have any responsibility or liability for any aspect of the Depositary's or any participant's records relating to, or for payments made on account of, beneficial interests in a Global Security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

**Payment and Paying Agents**

Unless otherwise indicated in the applicable prospectus supplement, payment of interest on a debt security on any Interest Payment Date will be made to the Person in whose name such debt security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest (Section 307).

Unless otherwise indicated in the applicable prospectus supplement, principal of and any premium and interest on the debt securities of a particular series will be payable at the office of such Paying Agent or Paying Agents as we may designate for such purpose from time to time, except that at our option payment of any interest on debt securities in certificated form may be made by check mailed to the address of the Person entitled thereto as such address appears in the Security Register. Unless otherwise indicated in the applicable prospectus supplement, the corporate trust office of the Trustee under the Senior Indenture in the City of New York will be designated as sole Paying Agent for payments with respect to senior debt securities of each series, and the corporate trust office of the Trustee under the Subordinated Indenture in the City of New York will be designated as the sole Paying Agent for payment with respect to subordinated debt securities of each series. Any other Paying Agents initially designated by us for the debt securities of a particular series will be named in the applicable prospectus supplement. We may at any time designate additional Paying Agents or rescind the designation of any Paying Agent or approve a change in the office through which any Paying Agent acts, except that we will be required to maintain a Paying Agent in each Place of Payment for the debt securities of a particular series (Section 1002).

All money paid by us to a Paying Agent for the payment of the principal of or any premium or interest on any debt security which remain unclaimed at the end of two years after such principal, premium or interest has become due and payable will be repaid to us, and the Holder of such debt security thereafter may look only to us for payment (Section 1003).

**Consolidation, Merger and Sale of Assets**

We may not consolidate with or merge into, or transfer, lease or otherwise dispose of all or substantially all of our assets to, any Person (a "successor Person"), and may not permit any Person to consolidate with or merge into us, unless:

- (1) the successor Person (if any) is a corporation, partnership, trust or other entity organized and validly existing under the laws of any domestic jurisdiction and assumes our obligations on the

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debt securities and under the Indentures including the due and punctual payment of the principal of, any premium on, and any interest on, all of the outstanding debt securities and the performance of every covenant applicable to be performed or observed by us;

(2) immediately before and after giving pro forma effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, has occurred and is continuing;

(3) we deliver to the trustee an officer's certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance or transfer and such Supplemental Indenture comply with the foregoing provisions relating to such transaction; and

(4) several other conditions, including any additional conditions with respect to any particular debt securities specified in the applicable prospectus supplement, are met (Section 801).

**Events of Default**

Unless otherwise specified in the prospectus supplement, each of the following will constitute an Event of Default under the applicable Indenture with respect to debt securities of any series:

(1) failure to pay principal of or any premium on any debt security of that series when due, whether or not, in the case of subordinated debt securities, such payment is prohibited by the subordination provisions of the Subordinated Indenture;

(2) failure to pay any interest on any debt securities of that series when due, continued for 30 days, whether or not, in the case of subordinated debt securities, such payment is prohibited by the subordination provisions of the Subordinated Indenture;

(3) failure to deposit any sinking fund payment, when due, in respect of any debt security of that series, whether or not, in the case of subordinated debt securities, such deposit is prohibited by the subordination provisions of the Subordinated Indenture;

(4) failure to perform or comply with the provisions described under " Consolidation, Merger and Sale of Assets";

(5) failure to perform any of our other covenants in such Indenture (other than a covenant included in such Indenture solely for the benefit of a series other than that series), continued for 60 days after written notice has been given by the applicable Trustee, or the Holders of at least 25% in principal amount of the Outstanding debt securities of that series, as provided in such Indenture; and

(6) certain events of bankruptcy, insolvency or reorganization affecting us or any Significant Subsidiary.

If an Event of Default (other than an Event of Default with respect to Evolution Petroleum Corporation described in clause (6) above) with respect to the debt securities of any series at the time Outstanding occurs and is continuing, either the applicable Trustee or the Holders of at least 25% in principal amount of the Outstanding debt securities of that series by notice as provided in the Indenture may declare the principal amount of the debt securities of that series (or, in the case of any debt security that is an Original Issue Discount Security, such portion of the principal amount of such debt security as may be specified in the terms of such debt security) to be due and payable immediately. If an Event of Default with respect to Evolution Petroleum Corporation described in clause (6) above with respect to the debt securities of any series at the time Outstanding occurs, the principal amount of all the debt securities of that series (or, in the case of any such Original Issue Discount Security, such specified amount) will automatically, and without any action by the applicable Trustee or any Holder, become immediately due and payable. After any such acceleration, but before a

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judgment or decree based on acceleration, the Holders of a majority in principal amount of the Outstanding debt securities of that series may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the non-payment of accelerated principal (or other specified amount), have been cured or waived as provided in the applicable Indenture (Section 502). For information as to waiver of defaults, see " Modification and Waiver" below.

A default under other indebtedness of the Company will not be a default under the Indentures and a default under one series of debt securities will not necessarily be a default under another series. Any additions, deletions or other changes to the Events of Default which will apply to a series of debt securities will be described in the prospectus supplement relating to such series of debt securities.

Under the Indentures, the trustee must give to the holders of each series of debt securities notice of all uncured defaults known to it with respect to such series within 90 days after such a default occurs (the term default to include the events specified above without notice or grace periods). However, except in the case of default in the payment of principal of, any premium on, or any interest on any of the debt securities, or default in the payment of any sinking or purchase fund installment or analogous obligations, the trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of the holders of the debt securities of such series (Section 602).

Subject to the provisions of the Indentures relating to the duties of the Trustees in case an Event of Default has occurred and is continuing, each Trustee will be under no obligation to exercise any of its rights or powers under the applicable Indenture at the request or direction of any of the Holders, unless such Holders have offered to such Trustee reasonable indemnity (Section 603). Subject to such provisions for the indemnification of the Trustees, the Holders of a majority in principal amount of the Outstanding debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the debt securities of that series (Section 512).

No Holder of a debt security of any series will have any right to institute any proceeding with respect to the applicable Indenture, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless:

- (1) such Holder has previously given to the Trustee under the applicable Indenture written notice of a continuing Event of Default with respect to the debt securities of that series;
- (2) the Holders of at least 25% in principal amount of the Outstanding debt securities of that series have made written request, and such Holder or Holders have offered reasonable indemnity, to the Trustee to institute such proceeding as trustee; and
- (3) the Trustee has failed to institute such proceeding, and has not received from the Holders of a majority in principal amount of the Outstanding debt securities of that series a direction inconsistent with such request, within 60 days after such notice, request and offer (Section 507).

However, such limitations do not apply to a suit instituted by a Holder of a debt security for the enforcement of payment of the principal of or any premium or interest on such debt security on or after the applicable due date specified in such debt security or, if applicable, to convert such debt security (Section 508).

We will be required to furnish to each Trustee annually a statement by certain of our officers as to whether or not we, to their knowledge, are in default in the performance or observance of any of the terms, provisions and conditions of the applicable Indenture and, if so, specifying all such known defaults (Section 1004).

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**Modification and Waiver**

We and the trustee may, without the consent of the holders of the debt securities, enter into one or more Supplemental Indentures for, among others, one or more of the following purposes, provided that in the case of clauses (2), (3), (4) and (6), the interests of the holders of debt securities would not be adversely affected:

- (1) to evidence the succession of another corporation to us, and the assumption by such successor of our obligations under the applicable Indenture and the debt securities of any series;
- (2) to add covenants by us, or surrender any of our rights conferred by the applicable Indenture, for the benefit of the holders of debt securities of any or all series;
- (3) to cure any ambiguity, omission, defect or inconsistency in or make any other provision with respect to questions arising under the applicable Indenture;
- (4) to establish the form or terms of any series of debt securities, including any subordinated securities;
- (5) to evidence and provide for the acceptance of any successor trustee with respect to one or more series of debt securities or to facilitate the administration of the trusts thereunder by one or more trustees in accordance with the applicable Indenture; and
- (6) to provide any additional Events of Default (Section 901).

Modifications and amendments of an Indenture may be made by us, the Subsidiary Guarantors, if applicable, and the applicable Trustee with the consent of the Holders of a majority in principal amount of the Outstanding debt securities of each series affected by such modification or amendment; provided, however, that no such modification or amendment may, without the consent of the Holder of each Outstanding debt security affected thereby:

- (1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any debt security;
- (2) reduce the principal amount of, or any premium or interest on, any debt security;
- (3) reduce the amount of principal of an Original Issue Discount Security or any other debt security payable upon acceleration of the Maturity thereof;
- (4) change the place or currency of payment of principal of, or any premium or interest on, any debt security;
- (5) impair the right to institute suit for the enforcement of any payment due on or any conversion right with respect to any debt security;
- (6) modify the subordination provisions in the case of subordinated debt securities, or modify any conversion provisions, in either case in a manner adverse to the Holders of the subordinated debt securities;
- (7) reduce the percentage in principal amount of Outstanding debt securities of any series, the consent of whose Holders is required for modification or amendment of the Indenture;
- (8) reduce the percentage in principal amount of Outstanding debt securities of any series necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults; or
- (9) modify such provisions with respect to modification, amendment or waiver (Section 902).

The Holders of a majority in principal amount of the Outstanding debt securities of any series may waive compliance by us with certain restrictive provisions of the applicable Indenture (Section 1009).

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The Holders of a majority in principal amount of the Outstanding debt securities of any series may waive any past default under the applicable Indenture, except a default in the payment of principal, premium or interest and certain covenants and provisions of the Indenture which cannot be amended without the consent of the Holder of each Outstanding debt security of such series (Section 513).

Each of the Indentures provides that in determining whether the Holders of the requisite principal amount of the Outstanding debt securities have given or taken any direction, notice, consent, waiver or other action under such Indenture as of any date:

- (1) the principal amount of an Original Issue Discount Security that will be deemed to be Outstanding will be the amount of the principal that would be due and payable as of such date upon acceleration of maturity to such date;
- (2) if, as of such date, the principal amount payable at the Stated Maturity of a debt security is not determinable (for example, because it is based on an index), the principal amount of such debt security deemed to be Outstanding as of such date will be an amount determined in the manner prescribed for such debt security; and
- (3) the principal amount of a debt security denominated in one or more foreign currencies or currency units that will be deemed to be Outstanding will be the United States-dollar equivalent, determined as of such date in the manner prescribed for such debt security, of the principal amount of such debt security (or, in the case of a debt security described in clause (1) or (2) above, of the amount described in such clause).

Certain debt securities, including those owned by us or any of our other Affiliates, will not be deemed to be Outstanding (Section 101).

Except in certain limited circumstances, we will be entitled to set any day as a record date for the purpose of determining the Holders of Outstanding debt securities of any series entitled to give or take any direction, notice, consent, waiver or other action under the applicable Indenture, in the manner and subject to the limitations provided in the Indenture. In certain limited circumstances, the Trustee will be entitled to set a record date for action by Holders. If a record date is set for any action to be taken by Holders of a particular series, only persons who are Holders of Outstanding debt securities of that series on the record date may take such action. To be effective, such action must be taken by Holders of the requisite principal amount of such debt securities within a specified period following the record date. For any particular record date, this period will be 180 days or such other period as may be specified by us (or the Trustee, if it set the record date), and may be shortened or lengthened (but not beyond 180 days) from time to time (Section 104).

**Satisfaction and Discharge**

Each Indenture will be discharged and will cease to be of further effect as to all Outstanding debt securities of any series issued thereunder, when:

- (1) either:
  - (a) all Outstanding debt securities of that series that have been authenticated (except lost, stolen or destroyed debt securities that have been replaced or paid and debt securities for whose payment money has theretofore been deposited in trust and thereafter repaid to us) have been delivered to the Trustee for cancellation; or
  - (b) all outstanding debt securities of that series that have not been delivered to the Trustee for cancellation have become due and payable or will become due and payable at their Stated Maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee and in any case we have irrevocably deposited with the Trustee as trust funds money in an amount sufficient, without consideration of any



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reinvestment of interest, to pay the entire indebtedness of such debt securities not delivered to the Trustee for cancellation, for principal, premium, if any, and accrued interest to the Stated Maturity or redemption date;

(2) we have paid or caused to be paid all other sums payable by us under the Indenture with respect to the debt securities of that series; and

(3) we have delivered an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge of the Indenture with respect to the debt securities of that series have been satisfied (Article Four).

**Legal Defeasance and Covenant Defeasance**

If and to the extent indicated in the applicable prospectus supplement, we may elect, at our option at any time, to have the provisions of Section 1502, relating to defeasance and discharge of indebtedness, which we call "legal defeasance" or Section 1503, relating to defeasance of certain restrictive covenants applied to the debt securities of any series, or to any specified part of a series, which we call "covenant defeasance" (Section 1501).

*Legal Defeasance.* The Indentures provide that, upon our exercise of our option (if any) to have Section 1502 applied to any debt securities, we will be discharged from all our obligations, and, if such debt securities are subordinated debt securities, the provisions of the Subordinated Indenture relating to subordination will cease to be effective, with respect to such debt securities (except for certain obligations to convert, exchange or register the transfer of debt securities, to replace stolen, lost or mutilated debt securities, to maintain paying agencies and to hold moneys for payment in trust) upon the deposit in trust for the benefit of the Holders of such debt securities of money or United States Government Obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of and any premium and interest on such debt securities on the respective Stated Maturities in accordance with the terms of the applicable Indenture and such debt securities. Such defeasance or discharge may occur only if, among other things:

(1) we have delivered to the applicable Trustee an Opinion of Counsel to the effect that we have received from, or there has been published by, the United States Internal Revenue Service a ruling, or there has been a change in tax law, in either case to the effect that Holders of such debt securities will not recognize gain or loss for federal income tax purposes as a result of such deposit and legal defeasance and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and legal defeasance were not to occur;

(2) no Event of Default or event that with the passing of time or the giving of notice, or both, shall constitute an Event of Default shall have occurred and be continuing at the time of such deposit or, with respect to any Event of Default described in clause (6) under " Events of Default," at any time until 121 days after such deposit;

(3) such deposit and legal defeasance will not result in a breach or violation of, or constitute a default under, any agreement or instrument to which we are a party or by which we are bound;

(4) in the case of subordinated debt securities, at the time of such deposit, no default in the payment of all or a portion of principal of (or premium, if any) or interest on any of our Senior Debt shall have occurred and be continuing, no event of default shall have resulted in the acceleration of any of our Senior Debt and no other event of default with respect to any of our Senior Debt shall have occurred and be continuing permitting after notice or the lapse of time, or both, the acceleration thereof; and

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(5) we have delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not cause the Trustee or the trust so created to be subject to the Investment Company Act of 1940 (Sections 1502 and 1504).

*Covenant Defeasance.* The Indentures provide that, upon our exercise of our option (if any) to have Section 1503 applied to any debt securities, we may omit to comply with certain restrictive covenants (but not to conversion, if applicable), including those that may be described in the applicable prospectus supplement, the occurrence of certain Events of Default, which are described above in clause (5) (with respect to such restrictive covenants) and clause (6) (with respect only to Significant Subsidiaries) under "Events of Default" and any that may be described in the applicable prospectus supplement, will not be deemed to either be or result in an Event of Default and, if such debt securities are subordinated debt securities, the provisions of the Subordinated Indenture relating to subordination will cease to be effective, in each case with respect to such debt securities. In order to exercise such option, we must deposit, in trust for the benefit of the Holders of such debt securities, money or United States Government Obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of and any premium and interest on such debt securities on the respective Stated Maturities in accordance with the terms of the applicable Indenture and such debt securities. Such covenant defeasance may occur only if we have delivered to the applicable Trustee an Opinion of Counsel that in effect says that Holders of such debt securities will not recognize gain or loss for federal income tax purposes as a result of such deposit and covenant defeasance and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and covenant defeasance were not to occur, and the requirements set forth in clauses (2), (3), (4) and (5) above are satisfied. If we exercise this option with respect to any debt securities and such debt securities were declared due and payable because of the occurrence of any Event of Default, the amount of money and United States Government Obligations so deposited in trust would be sufficient to pay amounts due on such debt securities at the time of their respective Stated Maturities but may not be sufficient to pay amounts due on such debt securities upon any acceleration resulting from such Event of Default. In such case, we would remain liable for such payments (Sections 1503 and 1504).

If we exercise either our legal defeasance or covenant defeasance option, any Subsidiary Guarantees will terminate (Section 1304).

**Notices**

Notices to Holders of debt securities will be given by mail to the addresses of such Holders as they may appear in the Security Register (Sections 101 and 106).

**Title**

We, the Subsidiary Guarantors, the Trustees and any agent of us, the Subsidiary Guarantors or a Trustee may treat the Person in whose name a debt security is registered as the absolute owner of the debt security (whether or not such debt security may be overdue) for the purpose of making payment and for all other purposes (Section 308).

**Governing Law**

The Indentures and the debt securities will be governed by, and construed in accordance with, the law of the State of New York (Section 112).

**DETERMINATION OF OFFERING PRICE**

We will offer the securities in amounts, at prices and on terms to be determined by market conditions at the time of the offerings.

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**PLAN OF DISTRIBUTION**

We may sell securities in and outside the United States through underwriters or dealers, directly to purchasers or through agents or in ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers. To the extent required by applicable law, a prospectus supplement will include the following information:

the terms of the offering;

the names of any underwriters or agents;

the purchase price of the securities;

the net proceeds to us from the sale of the securities;

any delayed delivery arrangements;

any underwriting discounts, commissions and other items constituting underwriters' compensation;

the initial public offering price;

any discounts or concessions allowed or reallocated or paid to dealers; and

any commissions paid to agents.

**Sale Through Underwriters or Dealers**

If we use underwriters in the sale of securities, the underwriters will acquire the securities for their own account. The underwriters may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may offer securities to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. Unless we inform you otherwise in the prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to conditions, and the underwriters will be obligated to purchase all the securities if they purchase any securities. The underwriters may change from time to time any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers.

During and after an offering through underwriters, the underwriters may purchase and sell the securities in the open market. These transactions may include over allotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. The underwriters may also impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers for the offered securities sold for their account may be reclaimed by the syndicate if such offered securities is repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the offered securities, which may be higher than the price that might otherwise prevail in the open market. If commenced, these activities may be discontinued at any time.

If we use dealers in the sale of securities, we will sell the securities to them as principals. They may then resell the securities to the public at varying prices determined by the dealers at the time of resale. The dealers participating in any sale of the securities may be deemed to be underwriters within the meaning of the Securities Act with respect to any sale of that securities. We will include in any prospectus supplement the names of the dealers and the terms of the transactions.

We will bear costs relating to all of the securities being registered under this registration statement of which this prospectus forms a part.

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Any broker-dealers or other persons acting on our behalf that participate with us in the distribution of the securities may be deemed to be underwriters and any commissions received or profit realized by them on the resale of the securities may be deemed to be underwriting discounts and commissions under the Securities Act. As of the date of this prospectus, we are not a party to any agreement, arrangement or understanding between any broker or dealer and us with respect to the offer or sale of the securities pursuant to this prospectus.

Pursuant to a requirement by the Financial Industry Regulatory Authority, or FINRA, the maximum commission or discount to be received by any FINRA member or independent broker/dealer may not be greater than eight percent (8%) of the gross proceeds received by us for the sale of any securities being registered pursuant to SEC Rule 415 under the Securities Act. If more than 5% of the net proceeds of any offering of securities made under this prospectus will be received by a FINRA member participating in the offering or its affiliates or associated persons of such FINRA member, the offering will be conducted in accordance with FINRA Conduct Rule 5110(h).

**Direct Sales and Sales Through Agents**

We may sell the securities directly. In that event, no underwriters or agents would be involved. We may also sell the securities through agents we designate from time to time. In the prospectus supplement, we will name any agent involved in the offer or sale of the securities, and we will describe any commissions payable by us to the agent. Unless we inform you otherwise in the prospectus supplement, any agent will agree to use its reasonable best efforts to solicit purchases for the period of its appointment.

We may sell the securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to any sale of the securities. We will describe the terms of any such sales in the prospectus supplement.

**Delayed Delivery Contracts**

If we so indicate in the prospectus supplement, we may authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase securities from us at the public offering price under delayed delivery contracts. These contracts would provide for payment and delivery on a specified date in the future. The contracts would be subject only to those conditions described in the prospectus supplement. The prospectus supplement will describe the commission payable for solicitation of those contracts.

**Subscription Offerings**

We may also make direct sales through subscription rights distributed to our existing stockholders on a pro rata basis, which may or may not be transferable. In any distribution of subscription rights to our stockholders, if all of the underlying securities are not subscribed for, we may then sell the unsubscribed securities directly to third parties or may engage the services of one or more underwriters, dealers or agents, including standby underwriters, to sell the unsubscribed securities to third parties.

**General Information**

We may have agreements with the agents, dealers and underwriters to indemnify them against civil liabilities, including liabilities under the Securities Act, or to contribute with respect to payments that the agents, dealers or underwriters may be required to make. Agents, dealers and underwriters may engage in transactions with us or perform services for us in the ordinary course of their businesses.

We will bear all costs, expenses and fees associated with the registration of the securities.

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**LEGAL MATTERS**

The validity of the securities will be passed upon for us by Adams and Reese LLP, Houston, Texas. Legal counsel to any underwriters may pass upon legal matters for such underwriters.

**EXPERTS**

Hein & Associates LLP, independent registered public accounting firm, has audited our financial statements included in our Annual Report on Form 10-K for the year ended June 30, 2012, as set forth in their report, which are incorporated by reference in this prospectus. Our financial statements are incorporated by reference in reliance on Hein & Associates LLP's report, given on their authority as experts in accounting and auditing.

Certain estimates of the oil and gas reserves for Evolution Petroleum Corporation and related future net cash flows and the present values thereof incorporated by reference in this prospectus were based in part upon engineering reports prepared by DeGolyer and McNaughton, Pinnacle Energy Services L.L.C. and W.D. Von Gonten & Co., independent petroleum engineers. These estimates are included and incorporated herein in reliance on the authority of each such firm as an expert in such matters.

**WHERE YOU CAN FIND MORE INFORMATION**

This prospectus constitutes a part of a registration statement on Form S-3 we filed with the SEC under the Securities Act. This prospectus does not contain all the information set forth in the registration statement and exhibits thereto, and statements included in this prospectus as to the content of any contract or other document referred to are not necessarily complete. For further information, please review the registration statement and the exhibits and schedules filed with the registration statement.

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we file reports, proxy statements and other information with the SEC in accordance with the Exchange Act. These reports, proxy statements and other information can be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 on official business days during the hours of 10 a.m. to 3 p.m. In addition, materials we filed electronically with the SEC are available at the SEC's Web site at <http://www.sec.gov>. The SEC's Web site contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Information about the operation of the SEC's Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Copies of certain information filed by us with the SEC are also available on our website at [www.evolutionpetroleum.com](http://www.evolutionpetroleum.com). Our website is not a part of this prospectus.

**You should rely only on the information contained or incorporated by reference in this prospectus and the applicable prospectus supplement. We have not authorized anyone else to provide you with additional or different information. We may only use this prospectus to sell securities if it is accompanied by a prospectus supplement. We are only offering these securities in states where the offer is permitted. You should not assume that the information in this prospectus or the applicable prospectus supplement is accurate as of any date other than the dates on the front of these documents.**

**INFORMATION INCORPORATED BY REFERENCE**

We are incorporating by reference in this prospectus the documents that we file with the SEC. This means that we are disclosing important information to you by referring to these filings. The

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information we incorporate by reference is considered a part of this prospectus, and subsequent information that we file with the SEC will automatically update and supersede this information.

Any statement contained in a document incorporated or considered to be incorporated by reference in this prospectus shall be considered to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is considered to be incorporated by reference in this prospectus modifies or supersedes such statement.

We incorporate by reference the following documents that we have filed with the SEC:

Annual Report on Form 10-K for the fiscal year ended June 30, 2012, filed on September 13, 2012, including information specifically incorporated by reference into our Form 10-K from our Proxy Statement for our Annual Meeting of Stockholders held on December 6, 2012;

Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, filed on November 9, 2012;

Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, filed on February 11, 2013;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed on May 10, 2013;

Our Current Reports on Form 8-K filed on August 10, 2012, October 31, 2012, December 11, 2012, December 31, 2012 and May 8, 2013.

The description of the Company's common stock contained in its registration statement on Form 8-A filed on July 13, 2006.

The description of the Company's Series A Preferred Stock contained in the Form 8-A filed on June 29, 2011.

In addition, we incorporate by reference into this prospectus (i) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since May 20, 2013, except for information furnished under Form 8-K which is not deemed filed and not incorporated herein by reference, (ii) all documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this prospectus and before we have sold all of the common stock to which the prospectus relates or the offering is otherwise terminated, and (iii) all documents filed by us pursuant to the Exchange Act after the date of the initial registration statement and prior to effectiveness of the registration statement.

We will provide without charge to each person, including any beneficial owner, to whom a copy of this prospectus is delivered, upon written or oral request, a copy of any or all of the information that has been incorporated in this prospectus by reference but not delivered with this prospectus. Requests for copies should be directed to Sterling H. McDonald, Vice President and Chief Financial Officer Evolution Petroleum Corporation, 2500 City West Blvd., Suite 1300, Houston, Texas 77042, telephone (713) 935-0122.

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**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution.\***

The following table sets forth all expenses payable by Evolution Petroleum Corporation (sometimes referred to as the "Company" in this Part II of the registration statement) in connection with the issuance and distribution of the securities.

SEC registration fee	\$ 65,200.63
Legal fees and expenses	\$ 15,000
Accounting fees and expenses	\$ 5,000
Transfer agent and registrar fees and expenses	\$ 5,000
Printing expenses	\$ 5,000
Miscellaneous expenses	\$ 10,000
<b>Total</b>	<b>\$ 105,200.63</b>

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\*

Other than the SEC registration fee, all amounts set forth above are estimates.

**Item 15. Indemnification of Directors and Officers.**

Under Nevada law, a corporation shall indemnify a director or officer against expenses, including attorneys' fees, actually and reasonably incurred by him, to the extent the director or officer has been successful on the merits or otherwise in defense of any action, suit or proceeding. A corporation may indemnify a director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding. Excepted from that immunity are:

a willful failure to deal fairly with the company or its stockholders in connection with a matter in which the director has a material conflict of interest;

a violation of criminal law (unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful);

a transaction from which the director derived an improper personal profit;

and willful misconduct.

Our bylaws include an indemnification provision under which we have the power to indemnify our directors, officers and former officers and directors (including heirs and personal representatives) against all costs, charges and expenses actually and reasonably incurred, including an amount paid to settle an action or satisfy a judgment to which the director or officer is made a party by reason of being or having been a director or officer of Evolution Petroleum Corporation or any of our subsidiaries.

Our bylaws also provide that our directors may cause us to purchase and maintain insurance for the benefit of a person who is or was serving as a director, officer, employee or agent of Evolution Petroleum Corporation or any of our subsidiaries (including heirs and personal representatives) against a liability incurred by him or her as our director, officer, employee or agent.



**ITEM 16. Exhibits and Financial Statement Schedules.**

(a) A list of the exhibits required by Item 601 of Regulation S-K to be filed as a part of this registration statement is set forth in the Index to Exhibits on page II-8, which immediately precedes such exhibits.

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**ITEM 17. Undertakings.**

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;
  - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*Provided, however, that:*

Paragraphs (1)(i), (1)(ii) and (1)(iii) of this section do not apply if the registration statement is on Form S-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

- (2) That, for the purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:
  - (i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and
  - (ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration

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statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(7) If and when applicable, the undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

(8) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.



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**INDEX TO EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
1.1*	Form of Underwriting Agreement.
4.1	Articles of Incorporation (previously filed as an exhibit to the Company's Current Report on Form 8-K on February 7, 2002)
4.2	Certificate of Amendment to Articles of Incorporation (previously filed as an exhibit to the Company's Current Report on Form 8-K on February 7, 2002)
4.3	Certificate of Amendment to Articles of Incorporation (previously filed as an exhibit to Form SB 2/A on October 19, 2005).
4.4	Bylaws (previously filed as an exhibit to the Company's Current Report on Form 8-K on February 7, 2002)
4.5	Amended Bylaws (previously filed as an exhibit to Form 10KSB on March 31, 2004)
4.6	Certificate of Designation of Rights and Preferences for the Company's 8.5% Series A Cumulative Preferred Stock (previously filed as Exhibit 3.1 to Form 8-K filed on June 29, 2011).
4.7**	Specimen form of the Company's Common Stock Certificate
4.8	Specimen Form of the Company's 8.5% Series A Cumulative Preferred Stock Certificate (previously filed as Exhibit 3.5 to Form 8-A filed on June 29, 2011).
4.9***	Form of Senior Indenture.
4.10***	Form of Subordinated Indenture.
4.11*	Form of Warrant Agreement.
4.12*	Form of Warrant Certificate.
4.13*	Form of Debt Securities.
5.1**	Opinion of Adams & Reese, LLP.
12.1***	Statement of Computation of Ratios of Earnings to Fixed Charges and Earnings to Fixed Charges Plus Preferred Stock Dividends.
23.1**	Consent of Hein & Associates LLP, Independent Registered Public Accounting Firm.
23.2**	Consent of Adams & Reese, LLP (included in its legal opinion filed as Exhibit 5.1).
23.3**	Consent of W.D. Von Gonten & Co.
23.4**	Consent of Degolyer and MacNaughton.
23.5**	Consent of Pinnacle Energy Services, LLC.
24.1***	Power of Attorney of the Officers and Directors of Evolution Petroleum Corporation (included on the signature page).

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25.1\*\*\*\* Form T-1 Statement of Eligibility and Qualification of the Trustee under the Indenture with respect to Senior Debt Securities.

25.2\*\*\*\* Form T-1 Statement of Eligibility and Qualification of the Trustee under the Indenture with respect to Subordinated Debt Securities.

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\*  
To be filed by amendment or as an exhibit to a Current Report on Form 8-K of the registrant.

\*\*  
Filed with this Registration Statement.

\*\*\*  
Previously filed with the Initial Registration Statement.

\*\*\*\*  
To be filed in accordance with the requirements of Section 305(b)(2) of the Trust Indenture Act of 1939 and Rule 5b-3 thereunder.

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ransform:none;font-variant: normal;">\$

38

\$

79

\$

-

\$

79

Cash flow hedges

Unrealized gains

\$

1

\$

-

\$



1

\$

9

\$

(3

)

\$

6

Reclassifications realized in net income<sup>(a)</sup>

(3

)

1

(2

)

(11

)

4

(7

)

Other comprehensive loss

\$

(2

)

\$

1

\$

(1

)

\$

(2

)

\$

1

\$

(1

)

Gains on securities

Unrealized gains

\$

154

\$

(57

)

\$

97

\$

283

\$

(104

)

\$

179

Other comprehensive income

\$

154

\$

(57

)

\$

97

\$

283

\$

(104

)

\$

179

Benefit plan adjustments



Reclassification adjustments realized in net income<sup>(b)</sup>

\$  
96

\$  
(35  
)

\$  
61

\$  
106

\$  
(39

)

\$

67

Other comprehensive income

\$  
96

\$  
(35  
)

\$  
61

\$  
106

\$  
(39  
)

\$

67

Equity method investments

Unrealized gains and reclassifications

\$  
50

\$  
(14  
)

\$  
36

\$  
84

\$  
(26  
)

\$  
58



Other comprehensive income

\$  
50

\$  
(14  
)

\$  
36

\$  
84

\$  
(26  
)

\$  
58

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	For the three months ended December 31, 2016			For the six months ended December 31, 2016		
	Tax			Tax		
	(provision)			(provision)		
	Before tax	Benefit	Net of tax	Before tax	Benefit	Net of tax
	(in millions)					
<b>Foreign currency translation adjustments</b>						
Unrealized losses	\$ (153)	\$ -	\$ (153)	\$ (151)	\$ -	\$ (151)
Other comprehensive loss	\$ (153)	\$ -	\$ (153)	\$ (151)	\$ -	\$ (151)
<b>Cash flow hedges</b>						
Unrealized gains	\$ 2	\$ (1)	\$ 1	\$ 13	\$ (5)	\$ 8
Reclassifications realized in net income <sup>(a)</sup>	5	(1)	4	7	(2)	5
Other comprehensive income	\$ 7	\$ (2)	\$ 5	\$ 20	\$ (7)	\$ 13
<b>Benefit plan adjustments</b>						
Reclassification adjustments realized in net income <sup>(b)</sup>	\$ 54	\$ (20)	\$ 34	\$ 68	\$ (25)	\$ 43
Other comprehensive income	\$ 54	\$ (20)	\$ 34	\$ 68	\$ (25)	\$ 43
<b>Equity method investments</b>						
Unrealized losses and reclassifications	\$ (156)	\$ 52	\$ (104)	\$ (223)	\$ 60	\$ (163)
Other comprehensive loss	\$ (156)	\$ 52	\$ (104)	\$ (223)	\$ 60	\$ (163)

<sup>(a)</sup> Reclassifications of amounts related to hedging activity are included in Revenues, Operating expenses, Selling, general and administrative expenses, Interest expense, net or Other, net, as appropriate, in the Unaudited



TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Operations (See Note 5 – Fair Value for additional information regarding hedging activity).

<sup>(b)</sup>Reclassifications of amounts related to benefit plan adjustments are included in Other, net in the Unaudited

Consolidated Statements of Operations.

## Earnings Per Share Data

The following table sets forth the Company's computation of Income from continuing operations attributable to Twenty-First Century Fox stockholders:

	For the three months ended			
	For the three months ended		For the three months ended	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
	(in millions)			
Income from continuing operations	\$1,921	\$937	\$ 2,825	\$ 1,831
Less: Net income attributable to noncontrolling interests	(85 )	(80 )	(150 )	(147 )
Income from continuing operations attributable to Twenty-First Century Fox stockholders	\$1,836	\$857	\$ 2,675	\$ 1,684

## Stock Repurchase Program

The Board authorized a stock repurchase program, under which the Company is authorized to acquire Class A Common Stock. As of December 31, 2017, the Company's remaining buyback authorization was approximately \$3.1 billion representing approximately \$3 billion under the fiscal 2017 authorization and approximately \$110 million under the fiscal 2016 authorization. Pursuant to the Merger Agreement (See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Disney Transaction/Distribution of New Fox"), the Company is required to obtain Disney's consent prior to repurchasing any additional shares.

The Company did not repurchase any of its Class A Common Stock or Class B Common Stock during the six months ended December 31, 2017.

## Dividends

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

For the six months ended

December 31,  
2017                  2016

Cash dividend per share	\$ 0.18	\$ 0.18
-------------------------	---------	---------

Subsequent to December 31, 2017, the Company declared a dividend of \$0.18 per share on both the Class A Common Stock and Class B Common Stock, which is payable on April 18, 2018. The record date for determining dividend entitlements is March 14, 2018.

#### NOTE 8. EQUITY-BASED COMPENSATION

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

	For the three months ended		For the six months ended	
	December 31,		December 31,	
	2017	2016	2017	2016
	(in millions)			
Equity-based compensation	\$ 39	\$ 20	\$ 66	\$ 62
Intrinsic value of all settled equity-based awards	\$ -	\$ -	\$ 74	\$ 69

As of December 31, 2017, the Company's total estimated compensation cost related to equity-based awards, not yet recognized, was approximately \$200 million, and is expected to be recognized over a weighted average period between

TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

one and two years. Compensation expense on all equity-based awards is generally recognized on a straight-line basis over the vesting period of the entire award.

### Performance Stock Units

The Company's stock based awards are granted in Class A Common Stock. During the six months ended December 31, 2017, approximately 6.6 million performance stock units ("PSUs") were granted and approximately 2.6 million PSUs vested.

During the six months ended December 31, 2016, approximately 7.3 million PSUs were granted and approximately 2.6 million PSUs vested.

## NOTE 9. COMMITMENTS AND CONTINGENCIES

### Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt payments as of December 31, 2017 and June 30, 2017 were approximately \$81 billion and \$82 billion, respectively. The decrease from June 30, 2017 was primarily due to payments related to sports programming rights partially offset by a new agreement for the Indian Premier League's ("IPL") Global Media and Digital cricket broadcast rights for the five-year period from 2018 to 2022.

In January 2018, the Company expanded its arrangement with the National Football League to include broadcast rights for the next five seasons of Thursday Night Football beginning with the 2018 season.

### Contingent Guarantees

The Company's contingent guarantees as of December 31, 2017 and June 30, 2017 were approximately \$1.1 billion and \$500 million, respectively. The increase from June 30, 2017 was primarily due to a bank guarantee covering the Company's new IPL programming rights obligations.

The commitments and contingent guarantees above do not include obligations and commitments related to the Disney Transaction and the Sky Acquisition (See Note 2 – Acquisitions, Disposals and Other Transactions under the headings "Disney Transaction/Distribution of New Fox" and "Sky Acquisition").

### Hulu

The Company has guaranteed \$113 million of Hulu's \$338 million five-year term loan due in August 2022 which is included in the contingent guarantees above. The fair value of this guarantee was calculated using Level 3 inputs and was included in the Consolidated Balance Sheets in Other liabilities.

In addition to the contingent guarantees mentioned above, the Company is party to capital funding agreements related to Hulu (See Note 4 – Investments under the heading "Hulu").

Contingencies

Fox News Channel

The Company and certain of its current and former employees have been subject to allegations of sexual harassment and discrimination and racial discrimination relating to alleged misconduct at the Company's Fox News Channel business. The Company has settled some of these claims and is contesting other claims in litigation. The Company has also received regulatory and investigative inquiries relating to these matters. To date, none of the amounts paid in settlements or reserved for pending or future claims, is individually or in the aggregate, material to the Company. Due to the early stage of these matters, the amount of liability, if any, that may result from these or related matters cannot be estimated at this time. However, the Company does not currently anticipate that the ultimate resolution of any such pending matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

TWENTY-FIRST CENTURY FOX, INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Shareholder Litigation

On November 20, 2017, a stockholder of the Company filed a derivative action in the Court of Chancery of the State of Delaware captioned City of Monroe Employees' Retirement System v. Rupert Murdoch, et al., C.A. No. 2017-0833-AGB. The lawsuit named as defendants all directors of the Company and the Estate of Roger Ailes (the "Ailes Estate"), and named the Company as a nominal defendant. The plaintiff alleged that the directors of the Company and Rupert Murdoch as a purported controlling stockholder breached their fiduciary duties by, among other things, failing to properly oversee the work environment at Fox News. The plaintiff also brought claims of breach of fiduciary duty and unjust enrichment against the Ailes Estate.

On November 20, 2017, the parties reached an agreement to settle the lawsuit and filed a Stipulation and Agreement of Settlement, Compromise, and Release with the Court (the "Settlement Agreement"). Pursuant to the terms of the Settlement Agreement, the parties agreed that the director defendants and the Ailes Estate would cause their insurers to make a payment in the amount of \$90 million to the Company, less any attorneys' fees and expenses awarded by the Court to the plaintiff's counsel. In addition to the payment to the Company, the Settlement Agreement provides that the Company shall put in place governance and compliance enhancements, including the creation of the Fox News Workplace Professionalism and Inclusion Council, as set forth in the Non-Monetary Relief agreement agreed to by the parties. These governance and compliance enhancements shall remain in effect for five years. On November 28, 2017, the Court issued a Scheduling Order which, among other things, set the settlement hearing for February 9, 2018, and approved the forms of the notices to stockholders, which were disseminated in accordance with the Scheduling Order.

U.K. Newspaper Matters Indemnity

In connection with the Separation (as defined in Note 4 – Discontinued Operations in the 2017 Form 10-K under the heading "Separation of News Corp"), the Company and News Corporation ("News Corp") agreed in the Separation and Distribution Agreement that the Company will indemnify News Corp, on an after-tax basis, for payments made after the Separation arising out of civil claims and investigations relating to phone hacking, illegal data access and inappropriate payments to public officials that occurred at subsidiaries of News Corp, as well as legal and professional fees and expenses paid in connection with the related criminal matters, other than fees, expenses and costs relating to employees who are not (i) directors, officers or certain designated employees or (ii) with respect to civil matters, co-defendants with News Corp (the "Indemnity"). The liability related to the Indemnity, recorded in the Consolidated Balance Sheets, was approximately \$50 million and \$80 million as of December 31, 2017 and June 30, 2017, respectively.

Other

Equity purchase arrangements that are exercisable by the counter-party to the agreement, and that are outside the sole control of the Company, are accounted for in accordance with ASC 480-10-S99-3A and are classified as Redeemable noncontrolling interests in the Consolidated Balance Sheets. Other than the arrangements classified as Redeemable noncontrolling interests, the Company is also a party to several other purchase and sale arrangements which become exercisable at various points in time. However, these arrangements are currently either not exercisable in the next twelve months or are not material.

The Company establishes an accrued liability for legal claims when the Company determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to

time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company's results of operations and financial condition. For the contingencies disclosed above for which there is at least a reasonable possibility that a loss may be incurred, other than the accrual provided, the Company was unable to estimate the amount of loss or range of loss.

The Company's operations are subject to tax in various domestic 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.

TWENTY-FIRST CENTURY FOX, INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. SEGMENT INFORMATION

The Company is a diversified global media and entertainment company, which manages and reports its businesses in the following four 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 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 FOX, nine are affiliated with MyNetworkTV, one is affiliated with both The CW Television Network and 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.

- Other, Corporate and Eliminations, which principally consists of corporate overhead and eliminations.

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, Impairment and restructuring charges, Equity (losses) earnings of affiliates, Interest expense, net, Interest income, Other, net, Income tax benefit (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 Unaudited 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 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.





TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following table reconciles Income from continuing operations before income tax benefit (expense) to Total Segment OIBDA for the three and six months ended December 31, 2017 and 2016:

	For the three months ended			
	December 31, 2017		December 31, 2016	
	2017	2016	2017	2016
	(in millions)			
Income from continuing operations before income tax benefit (expense)	\$ 703	\$ 1,385	\$ 1,998	\$ 2,622
Add				
Amortization of cable distribution investments	25	16	43	31
Depreciation and amortization	142	135	284	270
Impairment and restructuring charges	3	39	24	176
Equity losses (earnings) of affiliates	33	41	(27 )	6
Interest expense, net	312	299	625	599
Interest income	(9 )	(9 )	(19 )	(18 )
Other, net	229	88	301	99
Total Segment OIBDA	\$ 1,438	\$ 1,994	\$ 3,229	\$ 3,785

The following tables set forth the Company's Revenues and Segment OIBDA for the three and six months ended December 31, 2017 and 2016:

	For the three months ended			
	December 31, 2017		December 31, 2016	
	2017	2016	2017	2016
	(in millions)			
<b>Revenues</b>				
Cable Network Programming	\$ 4,405	\$ 3,967	\$ 8,601	\$ 7,777
Television	1,806	1,918	2,871	2,956
Filmed Entertainment	2,246	2,269	4,209	4,176
Other, Corporate and Eliminations	(420 )	(472 )	(642 )	(721 )
Total revenues	\$ 8,037	\$ 7,682	\$ 15,039	\$ 14,188
<b>Segment OIBDA</b>				
Cable Network Programming	\$ 1,365	\$ 1,330	\$ 2,876	\$ 2,714
Television	56	376	178	567
Filmed Entertainment	131	389	387	700
Other, Corporate and Eliminations	(114 )	(101 )	(212 )	(196 )
Total Segment OIBDA	\$ 1,438	\$ 1,994	\$ 3,229	\$ 3,785

Intersegment revenues, generated by the Filmed Entertainment segment, of \$418 million and \$445 million for the three months ended December 31, 2017 and 2016, respectively, and of \$613 million and \$678 million for the six

months ended December 31, 2017 and 2016, respectively, have been eliminated within the Other, Corporate and Eliminations segment.

	For the three months ended		For the six months ended	
	December		December 31,	
	31,	2016	2017	2016
	(in millions)			
<b>Depreciation and amortization</b>				
Cable Network Programming	\$ 86	\$ 83	\$ 171	\$ 165
Television	27	28	54	57
Filmed Entertainment	23	20	46	40
Other, Corporate and Eliminations	6	4	13	8
<b>Total depreciation and amortization</b>	<b>\$ 142</b>	<b>\$ 135</b>	<b>\$ 284</b>	<b>\$ 270</b>

TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Depreciation and amortization includes the amortization of definite lived intangible assets of \$65 million and \$64 million for the three months ended December 31, 2017 and 2016, respectively, and \$130 million for the six months ended December 31, 2017 and 2016.

	As of December 31, 2017 (in millions)	As of June 30, 2017 (in millions)
<b>Assets</b>		
Cable Network Programming	\$25,282	\$24,913
Television	7,354	6,775
Filmed Entertainment	11,485	10,312
Other, Corporate and Eliminations	4,373	4,822
Investments	4,364	3,902
<b>Total assets</b>	<b>\$52,858</b>	<b>\$50,724</b>

## Revenues by Component

	For the three months ended		For the six months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(in millions)			
<b>Revenues</b>				
Affiliate fee	\$3,252	\$2,906	\$ 6,488	\$ 5,829
Advertising	2,496	2,544	4,119	4,135
Content	2,140	2,032	4,159	3,901
Other	149	200	273	323
<b>Total revenues</b>	<b>\$8,037</b>	<b>\$7,682</b>	<b>\$ 15,039</b>	<b>\$ 14,188</b>

## NOTE 11. ADDITIONAL FINANCIAL INFORMATION

## Impairment and restructuring charges

Impairment and restructuring charges were \$3 million and \$39 million for the three months ended December 31, 2017 and 2016, respectively, and \$24 million and \$176 million for the six months ended December 31, 2017 and 2016, respectively. The impairment and restructuring charges for the three and six months ended December 31, 2016 were primarily comprised of costs in connection with management and employee transitions and restructuring at several of the Company's business units.

TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Other, net

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

	For the three months ended		For the six months ended	
	December		December 31,	
	2017	2016	2017	2016
	(in millions)			
Acquisition related and other transaction costs <sup>(a)</sup>	\$(85 )	\$(31 )	\$ (139 )	\$ (31 )
Disney Transaction costs <sup>(b)</sup>	(32 )	-	(32 )	-
Settlement loss on pension liabilities <sup>(c)</sup>	(86 )	(40 )	(86 )	(40 )
Other <sup>(d)</sup>	(26 )	(17 )	(44 )	(28 )
Total other, net	\$(229 )	\$(88 )	\$ (301 )	\$ (99 )

<sup>(a)</sup>The acquisition related and other transaction costs primarily represent the change in fair value of a foreign currency option contract to limit the foreign currency exchange rate risk in connection with the Sky Acquisition (See Note 2 – Acquisitions, Disposals and Other Transactions under the heading “Sky Acquisition” for further discussion).

<sup>(b)</sup>See Note 2 – Acquisitions, Disposals and Other Transactions under the heading “Disney Transaction/Distribution of New Fox” for further discussion.

<sup>(c)</sup>During the three and six months ended December 31, 2017, the Company settled a portion of its pension obligations by irrevocably transferring pension liabilities to an insurance company through the purchase of a group annuity contract and through lump sum distributions. These payments, funded with pension plan assets, resulted in pre-tax settlement losses related to the recognition of accumulated deferred actuarial losses. During the three and six months ended December 31, 2016, the Company settled a portion of its pension obligations through lump sum distributions, which resulted in a pre-tax settlement loss related to the recognition of accumulated deferred actuarial losses.

<sup>(d)</sup>Other for the six months ended December 31, 2016 included approximately \$35 million of costs related to settlements of claims arising out of allegations of sexual harassment at the Company’s Fox News Channel business.

Receivables, net

Receivables are presented net of an allowance for returns and doubtful accounts, which is an estimate of amounts that may not be collectible. Allowances for returns and doubtful accounts as of December 31, 2017 and June 30, 2017 were \$515 million and \$537 million, respectively.

Supplemental Cash Flows Information

For the six months ended

December 31,  
2017          2016  
(in millions)

Supplemental cash flows information		
Cash paid for income taxes	\$ (663 )	\$ (460 )
Cash paid for interest	\$ (596 )	\$ (597 )

TWENTY-FIRST CENTURY FOX, INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. SUPPLEMENTAL GUARANTOR INFORMATION

The Parent Guarantor presently guarantees the senior public indebtedness of 21CFA and the guarantee is full and unconditional. The supplemental condensed consolidating financial information of the Parent Guarantor should be read in conjunction with these Unaudited Consolidated Financial Statements.

In accordance with rules and regulations of the SEC, the Company uses the equity method to account for the results of all of the non-guarantor subsidiaries, representing substantially all of the Company's consolidated results of operations, excluding certain intercompany eliminations.

The following condensed consolidating financial statements present the results of operations, financial position and cash flows of 21CFA, the Company and the subsidiaries of the Company and the eliminations and reclassifications necessary to arrive at the information for the Company on a consolidated basis.

TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## Supplemental Condensed Consolidating Statement of Operations

For the three months ended December 31, 2017

(in millions)

	21st Century Fox America, Inc.		Twenty-First Century Fox Non-Guaranteed		Reclassification and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	\$ -	\$ -	\$ 8,037	\$ -	\$ -	\$ 8,037
Expenses	(100 )	-	(6,669 )	-	-	(6,769 )
Equity losses of affiliates	-	-	(33 )	-	-	(33 )
Interest expense, net	(436 )	(205 )	(20 )	349	-	(312 )
Interest income	-	5	353	(349 )	9	9
Earnings from subsidiary entities	3,193	2,036	-	(5,229 )	-	-
Other, net	(206 )	-	(23 )	-	-	(229 )
Income from continuing operations before income tax benefit	2,451	1,836	1,645	(5,229 )	703	703
Income tax benefit	1,783	-	2,123	(2,688 )	1,218	1,218
Income from continuing operations	4,234	1,836	3,768	(7,917 )	1,921	1,921
Loss from discontinued operations, net of tax	-	(5 )	-	-	(5 )	(5 )
Net income	4,234	1,831	3,768	(7,917 )	1,916	1,916
Less: Net income attributable to noncontrolling interests	-	-	(85 )	-	(85 )	(85 )
Net income attributable to Twenty-First Century Fox stockholders	\$ 4,234	\$ 1,831	\$ 3,683	\$ (7,917 )	\$ 1,831	\$ 1,831
Comprehensive income attributable to Twenty-First Century Fox stockholders	\$ 4,278	\$ 2,058	\$ 3,743	\$ (8,021 )	\$ 2,058	\$ 2,058



See notes to supplemental guarantor information

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TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## Supplemental Condensed Consolidating Statement of Operations

For the three months ended December 31, 2016

(in millions)

	21st Century Fox America, Inc.		Twenty-First Century Fox Non-Guaranteed		Reclassification and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	\$ -	\$ -	\$ 7,682	\$ -	\$ -	\$ 7,682
Expenses	(96 )	-	(5,782 )	-	-	(5,878 )
Equity losses of affiliates	-	-	(41 )	-	-	(41 )
Interest expense, net	(411 )	(189 )	(20 )	321	-	(299 )
Interest income	1	1	328	(321 )	9	
Earnings from subsidiary entities	1,860	1,045	-	(2,905 )	-	
Other, net	(65 )	-	(23 )	-	-	(88 )
Income from continuing operations before income tax expense	1,289	857	2,144	(2,905 )	1,385	
Income tax expense	(414 )	-	(696 )	662	(448 )	
Income from continuing operations	875	857	1,448	(2,243 )	937	
Loss from discontinued operations, net of tax	-	(1 )	-	-	(1 )	
Net income	875	856	1,448	(2,243 )	936	
Less: Net income attributable to noncontrolling interests	-	-	(80 )	-	(80 )	
Net income attributable to Twenty-First Century Fox stockholders	\$ 875	\$ 856	\$ 1,368	\$ (2,243 )	\$ 856	
Comprehensive income attributable to Twenty-First Century Fox stockholders	\$ 576	\$ 659	\$ 1,073	\$ (1,649 )	\$ 659	

See notes to supplemental guarantor information

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TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## Supplemental Condensed Consolidating Statement of Operations

For the six months ended December 31, 2017

(in millions)

	21st Century Fox America, Inc.		Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	\$ -	\$ -	\$ 15,039	\$ -	\$ 15,039	
Expenses	(176 )	-	(11,985 )	-	(12,161 )	
Equity earnings of affiliates	-	-	27	-	27	
Interest expense, net	(866 )	(410 )	(42 )	693	(625 )	
Interest income	-	10	702	(693 )	19	
Earnings from subsidiary entities	4,784	3,075	-	(7,859 )	-	
Other, net	(219 )	-	(82 )	-	(301 )	
Income from continuing operations before income tax benefit	3,523	2,675	3,659	(7,859 )	1,998	
Income tax benefit	1,459	-	1,515	(2,147 )	827	
Income from continuing operations	4,982	2,675	5,174	(10,006 )	2,825	
Income from discontinued operations, net of tax	-	11	-	-	11	
Net income	4,982	2,686	5,174	(10,006 )	2,836	
Less: Net income attributable to noncontrolling interests	-	-	(150 )	-	(150 )	
Net income attributable to Twenty-First Century Fox stockholders	\$ 4,982	\$ 2,686	\$ 5,024	\$ (10,006 )	\$ 2,686	
Comprehensive income attributable to Twenty-First Century Fox stockholders	\$ 5,000	\$ 3,055	\$ 5,161	\$ (10,161 )	\$ 3,055	

See notes to supplemental guarantor information

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TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## Supplemental Condensed Consolidating Statement of Operations

For the six months ended December 31, 2016

(in millions)

	21st Century Fox America, Inc.		Twenty-First Century Fox	Non-Guarantor Eliminations	Reclassification and	Twenty-First Century Fox and Subsidiaries
Revenues	\$ -	\$ -	\$ 14,188	\$ -	\$ 14,188	
Expenses	(238 )	-	(10,642 )	-	(10,880 )	
Equity losses of affiliates	(1 )	-	(5 )	-	(6 )	
Interest expense, net	(823 )	(377 )	(39 )	640	(599 )	
Interest income	2	1	655	(640 )	18	
Earnings from subsidiary entities	3,475	2,060	-	(5,535 )	-	
Other, net	(86 )	-	(13 )	-	(99 )	
Income from continuing operations before income tax expense	2,329	1,684	4,144	(5,535 )	2,622	
Income tax expense	(702 )	-	(1,250 )	1,161	(791 )	
Income from continuing operations	1,627	1,684	2,894	(4,374 )	1,831	
Loss from discontinued operations, net of tax	-	(7 )	-	-	(7 )	
Net income	1,627	1,677	2,894	(4,374 )	1,824	
Less: Net income attributable to noncontrolling interests	-	-	(147 )	-	(147 )	
Net income attributable to Twenty-First Century Fox stockholders	\$ 1,627	\$ 1,677	\$ 2,747	\$ (4,374 )	\$ 1,677	
Comprehensive income attributable to Twenty-First Century Fox stockholders	\$ 1,244	\$ 1,439	\$ 2,433	\$ (3,677 )	\$ 1,439	

See notes to supplemental guarantor information

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TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## Supplemental Condensed Consolidating Balance Sheet

As of December 31, 2017

(in millions)

	21st Century Fox America, Inc.		Twenty-First Century Fox	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 13	\$ 4,094	\$ 1,702	\$ -	\$ 5,809
Receivables, net	26	-	7,529	(1 )	7,554
Inventories, net	-	-	3,132	-	3,132
Other	83	-	824	-	907
<b>Total current assets</b>	<b>122</b>	<b>4,094</b>	<b>13,187</b>	<b>(1 )</b>	<b>17,402</b>
Non-current assets					
Receivables, net	14	-	718	-	732
Inventories, net	-	-	8,034	-	8,034
Property, plant and equipment, net	374	-	1,466	-	1,840
Intangible assets, net	-	-	6,228	-	6,228
Goodwill	-	-	12,789	-	12,789
Other non-current assets	280	-	1,189	-	1,469
Investments					
Investments in associated companies and other investments	199	312	3,853	-	4,364
Intragroup investments	110,311	63,092	-	(173,403 )	-
<b>Total investments</b>	<b>110,510</b>	<b>63,404</b>	<b>3,853</b>	<b>(173,403 )</b>	<b>4,364</b>
<b>Total assets</b>	<b>\$ 111,300</b>	<b>\$ 67,498</b>	<b>\$ 47,464</b>	<b>\$ (173,404 )</b>	<b>\$ 52,858</b>
<b>LIABILITIES AND EQUITY</b>					
Current liabilities					
Borrowings	\$ 600	\$ -	\$ 31	\$ -	\$ 631
Other current liabilities	749	45	6,631	(1 )	7,424



Total current liabilities	1,349	45	6,662	(1	)	8,055
Non-current liabilities						
Borrowings	17,973	-	1,190	-		19,163
Other non-current liabilities	483	101	4,713	-		5,297
Intercompany	41,354	48,963	(90,317	)	-	-
Redeemable noncontrolling interests	-	-	712	-		712
Total equity	50,141	18,389	124,504	(173,403	)	19,631
Total liabilities and equity	\$ 111,300	\$ 67,498	\$ 47,464	\$ (173,404	)	\$ 52,858

See notes to supplemental guarantor information

TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## Supplemental Condensed Consolidating Balance Sheet

As of June 30, 2017

(in millions)

	21st Century Fox America, Inc.		Twenty-First Century Fox	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 40	\$ 4,882	\$ 1,241	\$ -	\$ 6,163
Receivables, net	6	-	6,472	(1 )	6,477
Inventories, net	-	-	3,101	-	3,101
Other	49	-	496	-	545
<b>Total current assets</b>	<b>95</b>	<b>4,882</b>	<b>11,310</b>	<b>(1 )</b>	<b>16,286</b>
Non-current assets					
Receivables, net	13	-	530	-	543
Inventories, net	-	-	7,452	-	7,452
Property, plant and equipment, net	297	-	1,484	-	1,781
Intangible assets, net	-	-	6,574	-	6,574
Goodwill	-	-	12,792	-	12,792
Other non-current assets	261	-	1,133	-	1,394
Investments					
Investments in associated companies and other investments	179	37	3,686	-	3,902
Intragroup investments	105,516	59,926	-	(165,442 )	-
<b>Total investments</b>	<b>105,695</b>	<b>59,963</b>	<b>3,686</b>	<b>(165,442 )</b>	<b>3,902</b>
<b>Total assets</b>	<b>\$ 106,361</b>	<b>\$ 64,845</b>	<b>\$ 44,961</b>	<b>\$ (165,443 )</b>	<b>\$ 50,724</b>
<b>LIABILITIES AND EQUITY</b>					
Current liabilities					
Borrowings	\$ 350	\$ -	\$ 107	\$ -	\$ 457
Other current liabilities	643	72	6,067	(1 )	6,781

Total current liabilities	993	72	6,174	(1	)	7,238
Non-current liabilities						
Borrowings	18,217	-	1,239	-		19,456
Other non-current liabilities	522	-	5,876	-		6,398
Intercompany	39,629	49,051	(88,680	)	-	-
Redeemable noncontrolling interests	-	-	694	-		694
Total equity	47,000	15,722	119,658	(165,442	)	16,938
Total liabilities and equity	\$ 106,361	\$ 64,845	\$ 44,961	\$ (165,443	)	\$ 50,724

See notes to supplemental guarantor information

TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## Supplemental Condensed Consolidating Statement of Cash Flows

For the six months ended December 31, 2017

(in millions)

	21st Century Fox America, Inc.		Twenty-First Century Fox	Non-Guaranto	Reclassification and Eliminations	Twenty-First Century Fox and Subsidiaries
<b>OPERATING ACTIVITIES</b>						
Net cash provided by (used in) operating activities from continuing operations	\$ 177	\$ (455 )	\$ 782	\$ -	\$ 504	
<b>INVESTING ACTIVITIES</b>						
Property, plant and equipment	(90 )	-	(148 )	-	(238 )	
Investments	(59 )	-	128	-	69	
Net cash used in investing activities from continuing operations	(149 )	-	(20 )	-	(169 )	
<b>FINANCING ACTIVITIES</b>						
Borrowings	-	-	1,282	-	1,282	
Repayment of borrowings	-	-	(1,411 )	-	(1,411 )	
Dividends paid and distributions	-	(333 )	(179 )	-	(512 )	
Other financing activities, net	(29 )	-	(21 )	-	(50 )	
Net cash used in financing activities from continuing operations	(29 )	(333 )	(329 )	-	(691 )	
<b>Discontinued operations</b>						
Net decrease in cash and cash equivalents from discontinued operations	(26 )	-	-	-	(26 )	
Net (decrease) increase in cash and cash equivalents	(27 )	(788 )	433	-	(382 )	
Cash and cash equivalents, beginning of year	40	4,882	1,241	-	6,163	
Exchange movement on cash balances	-	-	28	-	28	
Cash and cash equivalents, end of period	\$ 13	\$ 4,094	\$ 1,702	\$ -	\$ 5,809	

See notes to supplemental guarantor information

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TWENTY-FIRST CENTURY FOX, INC.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## Supplemental Condensed Consolidating Statement of Cash Flows

For the six months ended December 31, 2016

(in millions)

	21st Century Fox America, Inc.		Twenty-First Century Fox	Non-Guaranteed Eliminations	Reclassification and Eliminations	Century Fox and Subsidiaries
<b>OPERATING ACTIVITIES</b>						
Net cash (used in) provided by operating activities from continuing operations	\$ (957 )	\$ 1,532	\$ 657	\$ -	\$ -	\$ 1,232
<b>INVESTING ACTIVITIES</b>						
Property, plant and equipment	(9 )	-	(108 )	-	-	(117 )
Investments	(85 )	-	(48 )	-	-	(133 )
Net cash used in investing activities from continuing operations	(94 )	-	(156 )	-	-	(250 )
<b>FINANCING ACTIVITIES</b>						
Borrowings	842	-	37	-	-	879
Repayment of borrowings	(400 )	-	(146 )	-	-	(546 )
Repurchase of shares	-	(619 )	-	-	-	(619 )
Dividends paid and distributions	-	(335 )	(146 )	-	-	(481 )
Other financing activities, net	(34 )	-	(19 )	-	-	(53 )
Net cash provided by (used in) financing activities from continuing operations	408	(954 )	(274 )	-	-	(820 )
<b>Discontinued operations</b>						
Net decrease in cash and cash equivalents from discontinued operations	(15 )	-	-	-	-	(15 )
Net (decrease) increase in cash and cash equivalents	(658 )	578	227	-	-	147
Cash and cash equivalents, beginning of year	661	2,019	1,744	-	-	4,424
Exchange movement on cash balances	-	-	(41 )	-	-	(41 )

Cash and cash equivalents, end of period	\$ 3	\$ 2,597	\$ 1,930	\$ -	\$ 4,530
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See notes to supplemental guarantor information

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TWENTY-FIRST CENTURY FOX, INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Notes to Supplemental Guarantor Information

- (1) Investments in the Company's subsidiaries, for purposes of the supplemental consolidating presentation, are accounted for by their parent companies under the equity method of accounting whereby earnings of subsidiaries are reflected in the respective parent company's investment account and earnings.
- (2) The guarantees of 21CFA's senior public indebtedness constitute senior indebtedness of the Company, and rank pari passu with all present and future senior indebtedness of the Company. Because the factual basis underlying the obligations created pursuant to the various facilities and other obligations constituting senior indebtedness of the Company differ, it is not possible to predict how a court in bankruptcy would accord priorities among the obligations of the Company.

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## ITEM 2. 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 are 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, the Disney Transaction and 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, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statements, including, but not limited to, a failure to consummate the Disney Transaction in a timely matter or at all. More information regarding these risks, uncertainties and other factors is set forth under the heading Part II "Other Information," Item 1A "Risk Factors" in this 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 Unaudited Consolidated Financial Statements of Twenty-First Century Fox, Inc. and related notes set forth elsewhere herein and Twenty-First Century Fox, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, ("fiscal") 2017 as filed with the SEC on August 14, 2017 (the "2017 Form 10-K").

### 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:

**Results of Operations** - This section provides an analysis of the Company's results of operations for the three and six months ended December 31, 2017 and 2016. This analysis is presented on both a consolidated and a segment basis. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed.

**Liquidity and Capital Resources** - This section provides an analysis of the Company's cash flows for the six months ended December 31, 2017 and 2016, as well as a discussion of the Company's outstanding debt and commitments, both firm and contingent, that existed as of December 31, 2017. 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.

### Recent Developments

In December 2017, the Company entered into an agreement and plan of merger with The Walt Disney Company. Prior to the merger, the Company will transfer a portfolio of the Company's news, sports and broadcast businesses and certain other assets and liabilities into a newly formed subsidiary ("New Fox") and the holders of the outstanding shares of the Company's Class A Common Stock and Class B Common Stock will receive, on a pro rata basis, all of the issued and outstanding common stock of New Fox (the "New Fox Distribution").

In December 2016, the Company made an offer to purchase the fully diluted share capital of Sky plc ("Sky").

See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the headings “Disney Transaction/Distribution of New Fox” and “Sky Acquisition” for further details.

## RESULTS OF OPERATIONS

Results of Operations—For the three and six months ended December 31, 2017 versus the three and six months ended December 31, 2016

The following table sets forth the Company's operating results for the three and six months ended December 31, 2017, as compared to the three and six months ended December 31, 2016:

	For the three months ended			For the six months ended		
	December 31,		% Change	December 31,		% Change
	2017	2016		2017	2016	
	(in millions, except %)					
<b>Revenues</b>						
Affiliate fee	\$3,252	\$2,906	12 %	\$6,488	\$5,829	11 %
Advertising	2,496	2,544	(2 ) %	4,119	4,135	- %
Content	2,140	2,032	5 %	4,159	3,901	7 %
Other	149	200	(26 ) %	273	323	(15 ) %
<b>Total revenues</b>	<b>8,037</b>	<b>7,682</b>	<b>5 %</b>	<b>15,039</b>	<b>14,188</b>	<b>6 %</b>
<b>Operating expenses</b>	<b>(5,760)</b>	<b>(4,912)</b>	<b>17 %</b>	<b>(10,141)</b>	<b>(8,827)</b>	<b>15 %</b>
Selling, general and administrative	(864 )	(792 )	9 %	(1,712 )	(1,607 )	7 %
Depreciation and amortization	(142 )	(135 )	5 %	(284 )	(270 )	5 %
Impairment and restructuring charges	(3 )	(39 )	(92 ) %	(24 )	(176 )	(86 ) %
Equity (losses) earnings of affiliates	(33 )	(41 )	20 %	27	(6 )	**
Interest expense, net	(312 )	(299 )	4 %	(625 )	(599 )	4 %
Interest income	9	9	- %	19	18	6 %
Other, net	(229 )	(88 )	**	(301 )	(99 )	**
<b>Income from continuing operations before income tax benefit (expense)</b>	<b>703</b>	<b>1,385</b>	<b>(49 ) %</b>	<b>1,998</b>	<b>2,622</b>	<b>(24 ) %</b>
Income tax benefit (expense)	1,218	(448 )	**	827	(791 )	**
<b>Income from continuing operations</b>	<b>1,921</b>	<b>937</b>	<b>**</b>	<b>2,825</b>	<b>1,831</b>	<b>54 %</b>
(Loss) income from discontinued operations, net of tax	(5 )	(1 )	**	11	(7 )	**
<b>Net income</b>	<b>1,916</b>	<b>936</b>	<b>**</b>	<b>2,836</b>	<b>1,824</b>	<b>55 %</b>
Less: Net income attributable to noncontrolling interests	(85 )	(80 )	6 %	(150 )	(147 )	2 %
<b>Net income attributable to Twenty-First Century Fox stockholders</b>	<b>\$1,831</b>	<b>\$856</b>	<b>**</b>	<b>\$2,686</b>	<b>\$1,677</b>	<b>60 %</b>

\*\* not meaningful

Overview – The Company’s revenues increased 5% and 6% for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017, due to higher affiliate fee and content revenues. The increase in affiliate fee revenue was primarily attributable to contractual rate increases at the domestic channels and higher rates and additional subscribers at Fox Networks Group International (“FNGI”) in Latin America and Europe. The increase in content revenue was primarily attributable to higher subscription video-on-demand (“SVOD”) revenue from television productions and the sublicensing of sports programming rights to third party networks. These revenue increases include benefits of approximately \$40 million and \$60 million due to the strengthening of local currencies against the U.S. dollar for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017.

Operating expenses increased 17% and 15% for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to higher sports programming rights amortization at the Cable Network Programming and Television segments and higher theatrical marketing costs related to motion picture productions at the Filmed Entertainment segment.

Selling, general and administrative expenses increased 9% and 7% for the three and six months ended December 31, 2017, as compared to the corresponding periods of fiscal 2017, primarily due to higher compensation expenses, including new businesses acquired in fiscal 2017.

Impairment and restructuring charges – See Note 11 – Additional Financial Information to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Impairment and restructuring charges”.

Equity (losses) earnings of affiliates – Equity (losses) earnings of affiliates improved \$8 million and \$33 million for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017. The increase was primarily due to improved results at Endemol Shine Group and higher earnings for Sky partially offset by higher losses at Hulu, LLC (“Hulu”) and a write-down of the Company’s equity method investment in certain businesses in Asia and Africa.

	For the three months ended			For the six months ended		
	December 31,			December 31,		
	2017	2016	% Change	2017	2016	% Change
	(in millions, except %)					
Sky	\$120	\$65	85 %	\$230	\$162	42 %
Hulu	(108)	(60)	(80) %	(170)	(99)	(72) %
Other equity affiliates	(45)	(46)	2 %	(33)	(69)	52 %
Equity (losses) earnings of affiliates	\$(33)	\$(41)	20 %	\$27	\$(6)	**

\*\*not meaningful

Other, net – See Note 11 – Additional Financial Information to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Other, net”.

Income tax benefit (expense) – The Company’s effective income tax rate for the three and six months ended December 31, 2017 includes a provisional \$1.3 billion tax benefit as a result of the recently passed legislation in the U.S. commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”) (See Note 1 – Basis of Presentation to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “U.S. Tax Reform”).

The Company’s effective income tax rate for the three and six months ended December 31, 2016 was 32% and 30%, respectively, as compared to the statutory rate of 35%. For the three months ended December 31, 2016, the rate was lower than the statutory rate primarily due to a 2% benefit from domestic production activities and other permanent items. For the six months ended December 31, 2016, the rate was lower than the statutory rate primarily due to a 2% benefit from domestic production activities, a 2% benefit related to the Company’s foreign operations and other permanent items.

Net income – Net income increased for the three and six months ended December 31, 2017, as compared to the corresponding periods of fiscal 2017, primarily due to an income tax benefit as a result of the Tax Act partially offset by lower Segment OIBDA at the Television and Filmed Entertainment segments.

## 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, Impairment and restructuring charges, Equity (losses) earnings of affiliates, Interest expense, net, Interest income, Other, net, Income tax benefit (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 Unaudited 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.

The following table reconciles Income from continuing operations before income tax benefit (expense) to Total Segment OIBDA for the three and six months ended December 31, 2017, as compared to the three and six months ended December 31, 2016:

	For the three months ended			For the six months ended		
	December 31,			December 31,		
	2017	2016	% Change	2017	2016	% Change
	(in millions, except %)					
Income from continuing operations before income tax benefit (expense)	\$703	\$1,385	(49 ) %	\$1,998	\$2,622	(24 ) %
Add						
Amortization of cable distribution investments	25	16	56 %	43	31	39 %
Depreciation and amortization	142	135	5 %	284	270	5 %
Impairment and restructuring charges	3	39	(92 ) %	24	176	(86 ) %
Equity losses (earnings) of affiliates	33	41	20 %	(27 )	6	**
Interest expense, net	312	299	4 %	625	599	4 %
Interest income	(9 )	(9 )	- %	(19 )	(18 )	6 %
Other, net	229	88	**	301	99	**
Total Segment OIBDA	\$1,438	\$1,994	(28 ) %	\$3,229	\$3,785	(15 ) %

\*\* not meaningful

The following table sets forth the computation of Total Segment OIBDA for the three and six months ended December 31, 2017, as compared to the three and six months ended December 31, 2016:

For the three months ended      For the six months ended

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	December 31,			December 31,		
	2017	2016	% Change	2017	2016	% Change
	(in millions, except %)					
Revenues	\$8,037	\$7,682	5 %	\$15,039	\$14,188	6 %
Operating expenses	(5,760)	(4,912)	17 %	(10,141)	(8,827)	15 %
Selling, general and administrative	(864 )	(792 )	9 %	(1,712 )	(1,607 )	7 %
Amortization of cable distribution investments	25	16	56 %	43	31	39 %
Total Segment OIBDA	\$1,438	\$1,994	(28 )%	\$3,229	\$3,785	(15)%



The following tables set forth the Company's Revenues and Segment OIBDA for the three and six months ended December 31, 2017, as compared to the three and six months ended December 31, 2016:

	For the three months ended			For the six months ended		
	December 31,			December 31,		
	2017	2016	% Change	2017	2016	% Change
<b>Revenues</b>						
Cable Network Programming	\$4,405	\$3,967	11 %	\$8,601	\$7,777	11 %
Television	1,806	1,918	(6 ) %	2,871	2,956	(3 ) %
Filmed Entertainment	2,246	2,269	(1 ) %	4,209	4,176	1 %
Other, Corporate and Eliminations	(420 )	(472 )	11 %	(642 )	(721 )	11 %
<b>Total revenues</b>	<b>\$8,037</b>	<b>\$7,682</b>	<b>5 %</b>	<b>\$15,039</b>	<b>\$14,188</b>	<b>6 %</b>

	For the three months ended			For the six months ended		
	December 31,			December 31,		
	2017	2016	% Change	2017	2016	% Change
<b>Segment OIBDA</b>						
Cable Network Programming	\$1,365	\$1,330	3 %	\$2,876	\$2,714	6 %
Television	56	376	(85 ) %	178	567	(69) %
Filmed Entertainment	131	389	(66 ) %	387	700	(45) %
Other, Corporate and Eliminations	(114 )	(101 )	(13 ) %	(212 )	(196 )	(8 ) %
<b>Total Segment OIBDA</b>	<b>\$1,438</b>	<b>\$1,994</b>	<b>(28 ) %</b>	<b>\$3,229</b>	<b>\$3,785</b>	<b>(15) %</b>

Cable Network Programming (57% and 55% of the Company's consolidated revenues in the first six months of fiscal 2018 and 2017, respectively)

For the three and six months ended December 31, 2017, revenues at the Cable Network Programming segment increased 11%, or \$438 million and \$824 million, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to higher affiliate fee, advertising and content and other revenues as shown below:

For the three months ended			For the six months ended		
December 31, 2017			December 31, 2017		
% Increase (Decrease)			% Increase		
Domestic	International	Consolidated	Domestic	International	Consolidated

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Affiliate fees	12	%	13	%	12	%	11	%	12	%	12	%
Advertising	(3 )	%	14	%	4	%	-	%	12	%	5	%
Content and other	20	%	30	%	23	%	15	%	32	%	20	%
Total	10	%	15	%	11	%	9	%	14	%	11	%

These revenue increases include benefits of approximately \$15 million and \$30 million due to the strengthening of local currencies against the U.S. dollar, primarily in India and Europe, for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017.

For the three and six months ended December 31, 2017, Cable Network Programming Segment OIBDA increased \$35 million, or 3%, and \$162 million, or 6%, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to the revenue increases noted above partially offset by higher expenses of \$403 million, or 15%, and \$662 million, or 13%, respectively. For the three and six months ended December 31, 2017, the increases in expenses were primarily due to higher sports programming rights amortization.

#### Domestic Channels

For the three and six months ended December 31, 2017, domestic affiliate fee revenue increased, as compared to the corresponding periods of fiscal 2017, primarily due to contractual rate increases led by Fox News Channel, the Regional Sports Networks, FS1 and FX Networks partially offset by the impact of lower average subscribers at Fox News Channel. For the three months ended December 31, 2017, domestic advertising revenue decreased, as compared to the corresponding period of fiscal 2017, primarily due to lower ratings at FX Networks principally reflecting a lower number of original series. For the six months ended December 31, 2017, domestic advertising revenue remained constant, as compared to the corresponding period of fiscal 2017, as higher viewership at FS1 from the addition of Big Ten college

football was offset by lower ratings at FX Networks. The increases in domestic content and other revenues for the three and six months ended December 31, 2017, as compared to the corresponding periods of fiscal 2017, were primarily due to the sublicensing of Big Ten programming rights to third party networks.

For the three and six months ended December 31, 2017, domestic channels OIBDA increased 1% and 6%, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to the revenue increases noted above partially offset by higher expenses. Operating expenses increased approximately \$230 million and \$330 million for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to higher sports programming rights amortization, including the addition of the Big Ten programming rights and higher National Basketball Association (“NBA”) costs as a result of an increase in the number of games broadcast reflecting an earlier start to the NBA season and contractual rate increases. Selling, general and administrative expenses increased approximately \$30 million and \$60 million for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to higher compensation expenses.

#### International Channels

For the three and six months ended December 31, 2017, international affiliate fee revenue increased, as compared to the corresponding periods of fiscal 2017, as a result of local currency growth of 12% and 11%, respectively, led by higher rates and additional subscribers at FNGI in Latin America and Europe. For the three and six months ended December 31, 2017, international advertising revenue increased, as compared to the corresponding periods of fiscal 2017, as a result of local currency growth of 12% and 10%, respectively, primarily due to higher revenue at STAR India (“STAR”), led by higher pricing and volume at STAR’s general entertainment channels and an increased number of cricket matches broadcast in the current period compared to the prior year. The increases in international content and other revenues for the three and six months ended December 31, 2017, as compared to the corresponding periods of fiscal 2017, were primarily due to the sublicensing of soccer programming rights in Latin America and higher syndication revenue in Asia.

For the three and six months ended December 31, 2017, international channels OIBDA increased 8% and 4%, respectively, as compared to the corresponding periods of fiscal 2017, as the revenue increases noted above were partially offset by higher expenses. Operating expenses increased approximately \$165 million and \$295 million for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to higher entertainment and sports programming rights amortization at FNGI, including higher soccer programming rights led by CONMEBOL and the new Argentine Football Association rights. Also contributing to the increase was higher sports and entertainment programming rights amortization at STAR, including an increased number of cricket matches.

Television (19% and 21% of the Company’s consolidated revenues in the first six months of fiscal 2018 and 2017, respectively)

For the three and six months ended December 31, 2017, revenues at the Television segment decreased \$112 million, or 6%, and \$85 million, or 3%, respectively, as compared to the corresponding periods of fiscal 2017, as higher affiliate fee revenue was more than offset by lower advertising and content and other revenues. Affiliate fee revenue increased 10% and 9% for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017, as a result of contractual rate increases. Advertising revenue decreased 6% and 5% for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to lower cyclical political advertising revenue at the television stations as a result of the

2016 elections in the prior year. Also contributing to the decrease in advertising revenue were lower ratings for the National Football League (“NFL”) and Major League Baseball World Series games and lower entertainment ratings at FOX Broadcasting Company partially offset by the broadcast of a higher number of college football and NFL games. Content and other revenues decreased 50% and 23% for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to the absence of revenue generated in the prior year by the granting of a license of one of our television stations to permit the commercial use of adjacent wireless spectrum in that market.

For the three and six months ended December 31, 2017, Television Segment OIBDA decreased \$320 million, or 85%, and \$389 million, or 69%, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to higher expenses of \$208 million, or 13%, and \$304 million, or 13%, respectively, as compared to the corresponding periods of fiscal 2017, and the revenue decreases noted above. Operating expenses increased approximately \$175 million and \$275 million for the three and six months ended December 31, 2017, respectively, as compared to the

corresponding periods of fiscal 2017, primarily due to higher sports programming rights amortization and production costs, including costs for the broadcast of a higher number of college football and NFL games.

Filmed Entertainment (28% and 29% of the Company's consolidated revenues in the first six months of fiscal 2018 and 2017, respectively)

For the three months ended December 31, 2017, revenues at the Filmed Entertainment segment decreased \$23 million, or 1%, as compared to the corresponding period of fiscal 2017, primarily due to lower television and home entertainment revenues from motion picture productions partially offset by higher SVOD revenue from television productions and higher worldwide theatrical revenue from motion picture productions. For the six months ended December 31, 2017, revenues at the Filmed Entertainment segment increased \$33 million, or 1%, as compared to the corresponding period of fiscal 2017, primarily due to higher SVOD revenue, led by the licensing of This is Us and Seven Seconds, and higher syndication revenue, led by the licensing of Futurama, from television productions, and higher worldwide theatrical revenue from motion picture productions partially offset by lower television revenues from motion picture productions. These revenue changes include benefits of approximately \$25 million and \$30 million due to the strengthening of local currencies against the U.S. dollar for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017.

For the three and six months ended December 31, 2017, Filmed Entertainment Segment OIBDA decreased \$258 million, or 66%, and \$313 million, or 45% respectively, as compared to the corresponding periods of fiscal 2017, primarily due to higher expenses of \$235 million, or 13%, and \$346 million, or 10%, respectively. Operating expenses increased approximately \$225 million and \$325 million for the three and six months ended December 31, 2017, respectively, as compared to the corresponding periods of fiscal 2017, primarily due to higher theatrical marketing costs, as a result of significant releases in the current year periods as compared to the corresponding prior year periods, and higher production amortization and participation costs.

The following feature film titles contributed significant revenues for the three months ended December 31, 2017 and 2016:

	For the three months ended December 31,	
	2017	2016
	Murder on the Orient Express	Trolls
Worldwide theatrical releases	Ferdinand	
	The Greatest Showman	
Worldwide theatrical and home entertainment performances	Kingsman: The Golden Circle	Miss Peregrine's Home for Peculiar Children
	War for the Planet of the Apes	X-Men: Apocalypse
Worldwide home entertainment performances		Ice Age: Collision Course
		Independence Day: Resurgence

The following feature film titles contributed significant revenues for the six months ended December 31, 2017 and 2016:

	For the six months ended December 31,	
	2017	2016
	Murder on the Orient Express	
Worldwide theatrical releases		Trolls
	Ferdinand	
	The Greatest Showman	
Worldwide theatrical and home entertainment performances	War for the Planet of the Apes	Ice Age: Collision Course
	Kingsman: The Golden Circle	Independence Day: Resurgence
		Miss Peregrine's Home for Peculiar Children
Worldwide home entertainment performances	The Boss Baby	X-Men: Apocalypse

## 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, as amended, 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 December 31, 2017, 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.

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 and assets. Such transactions may be material and may involve cash, the Company's securities or the assumption of additional indebtedness (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the headings "Disney Transaction/Distribution of New Fox" and "Sky Acquisition").

## Sources and Uses of Cash

Net cash provided by operating activities for the six months ended December 31, 2017 and 2016 was as follows (in millions):

For the six months ended December 31,	2017	2016
Net cash provided by operating activities from continuing operations	\$504	\$1,232

The decrease in net cash provided by operating activities during the six months ended December 31, 2017, as compared to the corresponding period of fiscal 2017, is primarily due to the decrease in operating results, lower cash receipts at the Cable Network Programming and Television segments, higher billings over collections at the Filmed Entertainment segment, higher tax payments and lower cash distributions received from affiliates (See Note 4 – Investments to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox).

Net cash used in investing activities for the six months ended December 31, 2017 and 2016 was as follows (in millions):

For the six months ended December 31,	2017	2016
Net cash used in investing activities from continuing operations	\$(169)	\$(250)

The decrease in net cash used in investing activities during the six months ended December 31, 2017, as compared to the corresponding period of fiscal 2017, was primarily due to cash received from the Federal Communications

Commission's reverse auction for broadcast spectrum (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Other") partially offset by an additional investment in Hulu and higher capital expenditures.

Net cash used in financing activities for the six months ended December 31, 2017 and 2016 was as follows (in millions):

For the six months ended December 31,	2017	2016
Net cash used in financing activities from continuing operations	\$(691)	\$(820)

The decrease in net cash used in financing activities during the six months ended December 31, 2017, as compared to the corresponding period of fiscal 2017, was primarily due to the Company not repurchasing any of its common stock during the six months ended December 31, 2017 partially offset by a decrease in net borrowings.



### Stock Repurchase Program

The Company has a stock repurchase program, but did not repurchase any of its Class A Common Stock or Class B Common Stock during the six months ended December 31, 2017 and is required pursuant to the Merger Agreement to obtain Disney's consent prior to repurchasing any additional shares (See Note 7 – Stockholders' Equity to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Stock Repurchase Program").

### Debt Instruments

The following table summarizes cash from borrowings and cash used in repayment of borrowings for the six months ended December 31, 2017 and 2016:

	For the six months ended	
	December 31, 2017	2016
	(in millions)	
<b>Borrowings</b>		
Notes due 2026 and 2046	\$ -	\$ 842
Bank loans <sup>(a)</sup>	1,282	37
<b>Total borrowings</b>	<b>\$ 1,282</b>	<b>\$ 879</b>
<b>Repayment of borrowings</b>		
Notes due October 2016	\$ -	\$ (400 )
Bank loans <sup>(a)</sup>	(1,411 )	(146 )
<b>Total repayment of borrowings</b>	<b>\$ (1,411 )</b>	<b>\$ (546 )</b>

<sup>(a)</sup>The fiscal 2018 activity includes the effect of the amendment to the Yankees Entertainment and Sports Network (the "YES Network") credit agreement (See Note 6 – Borrowings to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Bank Loans"). The fiscal 2017 borrowings and repayments were related to the YES Network secured revolving credit facility.

### Ratings of the public debt

The following table summarizes the Company's credit ratings as of December 31, 2017:

Rating Agency	Senior Debt	Outlook
Moody's <sup>(a)</sup>	Baa1	Under review
Standard & Poor's <sup>(a)</sup>	BBB+	Watch developing

(a) Moody's and Standard & Poor's changed the outlook of the Company's public debt from Stable to Under review and from Watch negative to Watch developing, respectively, in December 2017, following the Company's announcement of the Disney Transaction (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Disney Transaction/Distribution of New Fox”).

#### Revolving Credit Agreement

21st Century Fox America, Inc. (“21CFA”), a wholly-owned subsidiary of the Company, is party to a credit agreement providing a \$1.4 billion unsecured revolving credit facility with a sub-limit of \$250 million (or its equivalent in Euros) available for the issuance of letters of credit and a maturity date of May 2020 (See Note 11 – Borrowings in the 2017 Form 10-K under the heading “Revolving Credit Agreement”).

#### Bridge Credit Agreement

To provide financing in connection with the Sky Acquisition, the Company and 21CFA entered into a bridge credit agreement (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Sky Acquisition”).

Commitments, Contingent Guarantees and Contingencies

See Note 9 – Commitments and Contingencies to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the headings “Commitments”, “Contingent Guarantees” and “Contingencies”.

Recent Accounting Pronouncements

See Note 1 – Basis of Presentation to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Recently Adopted and Recently Issued Accounting Guidance and U.S. Tax Reform”.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to several types of market risk: changes in foreign currency exchange rates, interest rates and stock prices. The Company neither holds nor issues financial instruments for trading purposes.

The following sections provide quantitative and qualitative information on the Company's exposure to foreign currency exchange rate risk, interest rate risk and stock price risk. The Company makes use of sensitivity analyses that are inherently limited in estimating actual losses in fair value that can occur from changes in market conditions.

## Foreign Currency Exchange Rates

The U.S. dollar is the functional currency of the Company's U.S. operations and continues to be the principal currency in which the Company conducts its operations. For operations outside the U.S., the respective local currency is generally the functional currency. In most regions where the Company operates, the net earnings of wholly owned subsidiaries are reinvested locally and working capital requirements are met from existing liquid funds. To the extent such funds are not sufficient to meet working capital requirements, draw downs in the appropriate local currency are available from intercompany borrowings. The Company uses foreign currency forward contracts, primarily denominated in Pounds Sterling and Canadian Dollars to hedge certain exposures to foreign currency exchange rate risks associated with revenues and the cost of producing or acquiring films and television programming. The Company also entered into a foreign currency option contract to limit its foreign currency exchange rate risk in connection with the Sky Acquisition. For accounting purposes, the option contract does not qualify for hedge accounting and therefore has been treated as an economic hedge (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Sky Acquisition"). Information on the derivative financial instruments with exposure to foreign currency exchange rate risk is presented below:

	As of December 31, 2017 (in millions)	As of June 30, 2017
<b>Notional Amount (Foreign currency purchases and sales, including options)</b>		
Foreign currency purchases	\$12,642	\$12,529
Foreign currency sales	26	51
Aggregate notional amount	\$12,668	\$12,580
<b>Notional Amount (Hedge type)</b>		
Cash flow hedges	\$116	\$209
Economic hedges	12,552	12,371
Aggregate notional amount	\$12,668	\$12,580
<b>Fair Value</b>		
Total fair value of financial instruments with foreign currency exchange rate risk: asset	\$45	\$38

Sensitivity Analysis

Potential change in fair values resulting from a 10% adverse change in quoted foreign currency exchange rates: loss

\$(54 ) \$(53 )

Interest Rates

The Company's current financing arrangements and facilities include approximately \$18.7 billion of outstanding fixed-rate debt and, at the YES Network, approximately \$1.2 billion of outstanding variable-rate bank debt, before adjustments for unamortized discount and debt issuance costs.

Fixed and variable-rate debts are impacted differently by changes in interest rates. A change in the interest rate or yield of fixed-rate debt will only impact the fair market value of such debt, while a change in the interest rate of variable-rate debt will impact interest expense, as well as the amount of cash required to service such debt. As of December 31, 2017, all of the Company's financial instruments with exposure to interest rate risk were denominated in U.S. dollars. Information on financial instruments with exposure to interest rate risk is presented below:

	As of December 31, 2017 (in millions)	As of June 30, 2017 (in millions)
<b>Fair Value</b>		
Borrowings: liability <sup>(a)</sup>	\$(24,573)	\$(23,853)
Interest rate swaps: asset <sup>(b)</sup>	5	1
<b>Total fair value of financial instruments with exposure to interest rate risk: liability</b>	<b>\$(24,568)</b>	<b>\$(23,852)</b>
<b>Sensitivity Analysis</b>		
Potential change in fair values resulting from a 10% adverse change in quoted interest rates: loss	\$(831 )	\$(859 )

<sup>(a)</sup>The change in the fair values of the Company's borrowings is primarily due to the effect of changes in interest rates partially offset by lower average debt outstanding.

<sup>(b)</sup>The notional amount of interest rate swap contracts outstanding was \$635 million and \$663 million as of December 31, 2017 and June 30, 2017, respectively.

#### Stock Prices

The Company has common stock investments in publicly traded companies that are subject to market price volatility. These investments principally represent the Company's investment in an equity method affiliate. Information on the Company's investments with exposure to stock price risk is presented below:

	As of December 31, 2017 (in millions)	As of June 30, 2017 (in millions)
<b>Fair Value</b>		
<b>Total fair value of common stock investments</b>	<b>\$9,509</b>	<b>\$8,713</b>
<b>Sensitivity Analysis</b>		

Potential change in fair values resulting from a 10% adverse change in quoted market prices: loss<sup>(a)</sup> \$(951 ) \$(871 )

<sup>(a)</sup>A hypothetical decrease would not result in a material adjustment recognized in the Unaudited Consolidated Statements of Operations, as any changes in fair value of the Company's equity method affiliates are not recognized unless the fair value declines below the investment's carrying value and the decline is deemed other-than-temporary.  
Concentrations of Credit Risk

See Note 5 – Fair Value to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Concentrations of Credit Risk”.

#### ITEM 4. CONTROLS AND PROCEDURES

##### (a) Disclosure Controls and Procedures

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

##### (b) 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 15d-15(f) under the Exchange Act) during the Company's second quarter of fiscal 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.



## PART II

### ITEM 1. LEGAL PROCEEDINGS

#### Fox News Channel

The Company and certain of its current and former employees have been subject to allegations of sexual harassment and discrimination and racial discrimination relating to alleged misconduct at the Company's Fox News Channel business. The Company has settled some of these claims and is contesting other claims in litigation. The Company has also received regulatory and investigative inquiries relating to these matters. To date, none of the amounts paid in settlements or reserved for pending or future claims, is individually or in the aggregate, material to the Company. Due to the early stage of these matters, the amount of liability, if any, that may result from these or related matters cannot be estimated at this time. However, the Company does not currently anticipate that the ultimate resolution of any such pending matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

#### Shareholder Litigation

On November 20, 2017, a stockholder of the Company filed a derivative action in the Court of Chancery of the State of Delaware captioned *City of Monroe Employees' Retirement System v. Rupert Murdoch, et al.*, C.A. No. 2017-0833-AGB. The lawsuit named as defendants all directors of the Company and the Estate of Roger Ailes (the "Ailes Estate"), and named the Company as a nominal defendant. The plaintiff alleged that the directors of the Company and Rupert Murdoch as a purported controlling stockholder breached their fiduciary duties by, among other things, failing to properly oversee the work environment at Fox News. The plaintiff also brought claims of breach of fiduciary duty and unjust enrichment against the Ailes Estate.

On November 20, 2017, the parties reached an agreement to settle the lawsuit and filed a Stipulation and Agreement of Settlement, Compromise, and Release with the Court (the "Settlement Agreement"). Pursuant to the terms of the Settlement Agreement, the parties agreed that the director defendants and the Ailes Estate would cause their insurers to make a payment in the amount of \$90 million to the Company, less any attorneys' fees and expenses awarded by the Court to the plaintiff's counsel. In addition to the payment to the Company, the Settlement Agreement provides that the Company shall put in place governance and compliance enhancements, including the creation of the Fox News Workplace Professionalism and Inclusion Council, as set forth in the Non-Monetary Relief agreement agreed to by the parties. These governance and compliance enhancements shall remain in effect for five years. On November 28, 2017, the Court issued a Scheduling Order which, among other things, set the settlement hearing for February 9, 2018, and approved the forms of the notices to stockholders, which were disseminated in accordance with the Scheduling Order.

#### 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 1A. RISK FACTORS

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

### Risks related to transactions

#### Disney Transaction

The proposed Disney Transaction may cause disruption in the Company's business.

On December 13, 2017, the Company entered into the Merger Agreement with Disney, pursuant to which the Company will, after completing the Separation and Distribution of New Fox, become a wholly-owned subsidiary of Disney (see Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Disney Transaction/Distribution of New Fox” for further details). The Merger Agreement generally requires the Company to operate its business in the ordinary course pending consummation of the proposed merger and restricts the Company, without Disney's consent, from taking certain specified actions until the Disney Transaction is completed or the Merger Agreement is terminated, including making certain acquisitions and divestitures, entering into certain contracts, incurring certain indebtedness and expenditures, paying dividends in excess of certain thresholds, and repurchasing or issuing securities outside of existing equity award programs. These restrictions may affect the Company's ability to execute its business strategies and attain its financial and other goals and may impact its financial condition, results of operations and cash flows.

In connection with the pending Disney Transaction, current and prospective employees of the Company may experience uncertainty about their future roles with the Company (and Disney) or New Fox following the completion of the Disney Transaction, which may materially adversely affect the ability of the Company to attract, retain and motivate key personnel while the Disney Transaction is pending. Despite the Company's retention planning and programs that the Company has and will implement, key employees may depart because of issues relating to the uncertainty and difficulty of integration with Disney and the New Fox Separation and establishment of New Fox, or a desire not to remain with the Company (and Disney) or New Fox following the completion of the Disney Transaction. Accordingly, no assurance can be given that the Company will be able to attract and retain key employees to the same extent that the Company has been able to in the past.

The proposed Disney Transaction further could cause disruptions to the Company's business or business relationships (including the business to be conducted by, and business relationships of, New Fox after the consummation of the transactions), which could have an adverse impact on results of operations. Parties with which the Company has business relationships may experience uncertainty as to the future of such relationships and may delay or defer certain business decisions, seek alternative relationships with third parties or seek to alter their present business relationships with the Company. Parties with whom the Company otherwise may have sought to establish business relationships may seek alternative relationships with third parties.

The pursuit of the Disney Transaction and the preparation for both the integration with Disney and the establishment of New Fox may place a significant burden on the Company's management and internal resources. The diversion of management's attention away from day-to-day business concerns could adversely affect the Company's financial results.

The Company has incurred and expects to continue to incur significant costs, expenses and fees for professional services and other transaction costs in connection with the Disney Transaction. The substantial majority of these costs will be non-recurring expenses relating to the Disney Transaction, including costs relating to the New Fox Separation, and many of these costs are payable regardless of whether or not the Disney Transaction is consummated. The

Company also could be subject to litigation related to the proposed Disney Transaction, which could result in significant costs and expenses.

Failure to complete the Disney Transaction in a timely manner or at all could negatively impact the market price of the Company's common stock, as well as the Company's future business and its financial condition, results of operations and cash flows.

The Company currently anticipates the Disney Transaction will be completed within 12-18 months after December 13, 2017, but it cannot be certain when or if the conditions for the Disney Transaction will be satisfied or (if permissible under applicable law) waived. The Disney Transaction cannot be completed until the conditions to closing are satisfied or (if permissible under applicable law) waived, including (i) the adoption of the Merger Agreement by the requisite vote of the Company's stockholders and the approval of the stock issuance by the requisite vote of Disney stockholders, (ii)

receipt of certain required governmental approvals and consents, (iii) receipt by the Company of a surplus and solvency opinion with respect to the New Fox Separation and the cash dividend in connection with the Disney Transaction, (iv) effectiveness of registration statements with respect to the New Fox Distribution and the issuance of Disney shares in connection with the Disney Transaction, (v) authorization of Disney and New Fox shares for listing on NYSE or NASDAQ, as applicable, (vi) the consummation of the New Fox Separation and Distribution, (vii) receipt of a tax ruling from the Australian Taxation Office, (viii) receipt of certain tax opinions by each of the Company and Disney, including a tax opinion regarding the tax-free treatment of the Disney Transaction to the Company's shareholders for U.S. federal income tax purposes and (ix) the accuracy of the representations and warranties made by the Company or Disney, as applicable, in the Merger Agreement. The obligation of Disney to complete the Disney Transaction is also subject to, among other conditions, the absence of certain regulatory remedies.

The satisfaction of the required conditions could delay the completion of the Disney Transaction for a significant period of time or prevent it from occurring. Further, there can be no assurance that the conditions to the closing of the Disney Transaction will be satisfied or waived or that the Disney Transaction will be completed.

In the event that the Disney Transaction is not completed for any reason, (i) the holders of the Company's common stock will not receive any consideration for their shares of the Company's common stock in connection with the proposed Disney Transaction and (ii) the New Fox Separation and Distribution of New Fox will not occur and the holders of the Company's common stock will not receive shares in New Fox. Instead, the Company will remain an independent public company and holders of the Company's common stock will continue to own their shares of the Company's common stock.

Additionally, if the Disney Transaction is not consummated in a timely manner or at all, the Company's ongoing business may be adversely affected as follows:

- the Company may experience negative reactions from financial markets and the stock price could decline;
- it may experience negative reactions from employees, customers, suppliers or other third parties;
- management's focus would have been diverted from pursuing other opportunities that could have been beneficial to the Company; and
- the Company's costs of pursuing the Disney Transaction may be higher than anticipated and, in any event, would be borne entirely by the Company.

If the Disney Transaction is not completed, there can be no assurance that these risks will not materialize and will not materially adversely affect the Company's stock price, business, financial conditions, results of operations or cash flows.

In order to complete the Disney Transaction, Disney and the Company must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions, completion of the Disney Transaction may be jeopardized or the anticipated benefits of the Disney Transaction could be reduced.

Although Disney and the Company have agreed to use reasonable best efforts, subject to certain limitations, to make certain governmental filings and obtain the required governmental approvals or expiration or earlier termination of relevant waiting periods, as the case may be, there can be no assurance that the relevant waiting periods will expire or be terminated or that the relevant approvals will be obtained. As a condition to approving the Disney Transaction, governmental authorities may impose conditions, terms, obligations or restrictions or require divestitures or place restrictions on the conduct of the combined company's business after completion of the Disney Transaction, including those which Disney may not be required to accept pursuant to the terms of the Merger Agreement. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying or preventing completion of the Disney Transaction,

imposing additional material costs on or materially limiting the revenues of the combined company following the Disney Transaction, or otherwise adversely affecting, including to a material extent, the combined company's businesses and results of operations after completion of the Disney Transaction. If the Company or Disney is required to divest assets or businesses, there can be no assurance that the Company or Disney will be able to negotiate such divestitures expeditiously or on favorable terms or that the governmental authorities will approve the terms of such divestitures. The Company can provide no assurance that these conditions, terms, obligations or restrictions will not result in the abandonment of the Disney Transaction.

The Merger Agreement contains provisions that could discourage a potential competing acquirer of the Company.

The Merger Agreement contains “no shop” provisions that, subject to limited exceptions, restrict the Company’s ability to solicit, initiate, or knowingly encourage or facilitate competing third-party proposals for the acquisition of the Company’s stock or assets. In addition, before the Company’s Board of Directors withdraws, qualifies or modifies its recommendation of the proposed merger with Disney or terminates the Merger Agreement to enter into a superior proposal, Disney generally has an opportunity to offer to modify the terms of the proposed Disney Transaction. In certain circumstances, upon termination of the Merger Agreement, the Company will be required to pay a termination fee of approximately \$1.5 billion.

These provisions could discourage a potential third-party that might have an interest in making a competing proposal, even if such third-party were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the Disney Transaction, or might otherwise result in a potential third-party proposing to pay a lower price to the Company’s stockholders than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

If the Merger Agreement is terminated and the Company decides to seek another business combination, it may not be able to negotiate or consummate a transaction with another party on terms comparable to, or better than, the terms of the Merger Agreement.

#### Sky Acquisition

The Sky Acquisition Involves a Number of Risks, including, among others, the Risk that the Sky Acquisition is Not Completed on a Timely Basis, or at All, and Risks Associated with the Company’s Use of a Significant Portion of its Cash and Taking on Significant Additional Indebtedness.

The Sky Acquisition remains subject to certain customary closing conditions, including approval by the UK Secretary of State for Digital, Culture, Media and Sport and the requisite approval of Sky shareholders unaffiliated with the Company, and the scheme of arrangement becoming effective by October 15, 2018. The Sky Acquisition has received unconditional clearance by all competent competition authorities including the European Commission, and has been cleared on public interest and plurality grounds in all of the markets in which Sky operates outside of the UK, including Austria, Germany, Italy and the Republic of Ireland.

The Company cannot predict with certainty whether and when any of the outstanding conditions will be satisfied. If the Sky Acquisition does not receive, or timely receive, the required regulatory approvals and clearances and requisite approval of Sky shareholders unaffiliated with the Company, any delay or failure to complete the acquisition and the acquisition process may cause uncertainty or other negative consequences, including, in the event that certain regulatory approvals are not obtained prior to August 15, 2018, or in certain other circumstances described in the Co-Operation Agreement, the payment of a £200 million break fee payable by the Company, that may materially and adversely affect the Company’s business, financial condition and results of operations and the price per share for the Company’s common stock could be negatively impacted. If regulatory authorities seek to impose any material conditions in connection with granting any approvals required to complete the Sky Acquisition, our business and results of operations may be adversely affected.

In addition, the Sky Acquisition will require the use of a significant portion of the Company’s cash and increase the amount of debt on the Company’s balance sheet leading to substantial additional interest expense. These factors could limit the Company’s flexibility to respond to changing business and economic conditions and reduce funds available for working capital, capital expenditures, acquisitions and other general corporate purposes. If the Sky Acquisition is completed but the financial performance of the Company after the acquisition does not meet management’s current

expectations, the Company's ability to reduce its level of indebtedness may be adversely impacted. More information regarding risks related to financing the Sky Acquisition and paying the consideration to the Sky shareholders in Pounds Sterling is set forth below in the risk factor describing the Company's exposure to risks associated with weak domestic and global economic conditions and increased volatility and disruption in the financial markets and in the risk factor describing the adverse effect that fluctuations in foreign exchange rates could have on the Company's cash flows and results of operations.



## Risks related to our business

### 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, downloadable content and simultaneous live streaming of broadcast content, offerings by cable providers of smaller packages of programming to customers at price points lower than traditional cable distribution offerings and the trend of consumers “cord-cutting” or cancelling their multi-channel video programming distributors (“MVPD”) subscriptions could adversely affect demand for our cable channels. Enhanced Internet capabilities and other new media may reduce television viewership, the demand for home entertainment and the desire to see motion pictures in theaters, which could negatively affect the Company’s revenues. In addition, increased video consumption through streaming apps and digital MVPD services with no advertising or less advertising than on video programming networks, time shifted viewing of television programming and the use of DVRs to skip advertisements could also negatively affect the Company’s advertising revenues. 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. 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 Content, Including Its 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 program also depends upon the quality and acceptance of other competing films and television programming 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 program 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 content licensing and syndication, with respect to television programming. In addition, a decline in the ratings or popularity of the Company’s entertainment, sports or news television programming, which could be a result of the loss of talent or rights to certain programming, could adversely affect advertising revenues in the near term and, over a longer period of time, adversely affect affiliate revenues.

### The Company’s Businesses Operate in Highly Competitive Industry.

The Company competes with other media companies for content to achieve large audiences and distribution relationships, and to generate advertising revenue. The Company also competes for distribution on various multichannel video programming distributors and other third-party digital platforms. The Company’s ability to attract viewers and advertisers and obtain favorable distribution depends in part on its ability to provide popular television

programming and motion pictures and adapt to new technologies and distribution platforms, which are increasing the number of media and entertainment choices available to audiences. Competition for audiences and/or advertising comes from: broadcast television networks; cable television systems and networks; film studios; Internet-delivered free, advertising supported, subscription and rental services; other sources of information and entertainment; radio; print and other media. Increased competition from additional entrants into the market for development and production of original programming may increase our costs of development and production including obtaining creative and technical personnel. Increased competition in the acquisition of programming may also affect the scope of rights we are able to acquire and the cost of such rights, and the value of the rights we acquire or retain cannot be predicted with certainty in the future. The Company cannot be assured that it will be able to compete successfully in the future against existing or potential competitors, or that competition or consolidation in the marketplace will not have a material adverse effect on its business, financial condition or results of operations.

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 or renewal on less favorable terms 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 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 Degradation, 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 hacking and phishing, theft, computer viruses, ransomware, 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 or other 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, alteration, theft, loss, leakage, falsification, accidental or premature 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, or a degradation or interruption in the technologies and networks that facilitate content distribution could result in a disruption of our operations, customer or advertiser dissatisfaction, damage to our reputation or brands, regulatory investigations, claims, 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, as well as pre-release content. The Company seeks to limit the threat of content piracy as well as cable 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 infringement. Developments in technology, including digital copying, file compression technology, growing penetration of high-bandwidth Internet connections, increased availability and speed of mobile data networks, and new devices and applications that enable unauthorized access to content, increase the threat of content piracy by making it easier to access, duplicate, widely distribute and store 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. A change in the laws of one jurisdiction may also have an impact on the Company's overall ability to protect its intellectual property rights across other jurisdictions. In addition, many parts of the world where piracy is prevalent lack effective copyright and other legal protections or enforcement measures. 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 the proliferation of piracy-enabling 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 applicable legal systems fail 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 Cash Flows and Results of Operations.

The Company has significant operations in a number of foreign jurisdictions and certain of the Company's operations are conducted in foreign currencies. The Company has acquired and may in the future acquire assets and businesses using foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. As a result, the Company is exposed to exchange rate fluctuations, which could have an adverse effect on its cash flows and results of operations in a given period or in specific markets. As part of the Sky Acquisition, the Company will be obligated to pay the Sky shareholders cash consideration in Pounds Sterling thereby increasing the Company's exposure to exchange rate fluctuations for Pounds Sterling. Even though the Company uses foreign currency derivative instruments to hedge certain exposures to foreign currency exchange rate risks, and has purchased a foreign currency exchange option to limit its

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foreign currency exchange rate risk in connection with the Sky Acquisition, 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 classified 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. The Company is currently in compliance with applicable U.S. law and 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 take action

pursuant to its Restated Certificate of Incorporation. 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.

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.

In addition, on December 22, 2017, the U.S. government enacted the Tax Act. The changes included in the Tax Act are broad and complex. As of December 31, 2017, we have not completed our analysis of the accounting for all the tax effects of the Tax Act. For the three and six months ended December 31, 2017, the Company recorded a provisional income tax benefit of \$1.3 billion to adjust its net deferred tax liability position in accordance with the Tax Act. The final amount of the adjustment to the net deferred tax liability could be revised based on changes in interpretations of the Tax Act and any updates or changes to estimates based on additional information we obtain or analyze. The Company has not recorded a liability for the transition tax to a territorial tax system. The Company is continuing to gather and analyze information to determine the deemed unremitted earnings subject to the transition tax, some of which was not previously needed or not yet accumulated, and the related U.S. tax impacts. The Company will record a transition tax amount when it has received and analyzed the needed information sufficient to make a reasonable estimate. The SEC has issued guidance that would allow for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. We currently anticipate finalizing and recording any resulting adjustments by the end of the Company's current fiscal year ending June 30, 2018 and the adjustments could possibly be material.

**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, including financing for the Sky

Acquisition. While the Company has entered into the Bridge Credit Agreement, we intend to obtain permanent financing in the capital markets to fund a portion of the purchase price for the Sky Acquisition in lieu of utilizing funds available under the Bridge Credit Agreement, but we cannot guarantee that the Company will obtain such permanent financing on terms that are acceptable to the Company or at all. If we are not successful in obtaining permanent financing due to market conditions or other factors and utilize funds under the Bridge Credit Agreement, we will incur significantly higher borrowing costs, which may have a significant adverse impact on our business. See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Sky Acquisition”.

Disruptions in the financial markets can also adversely affect the Company’s lenders, insurers, customers and counterparties, including vendors, 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, and our Chief Executive Officer James Murdoch, who serves as a director of News Corp. 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.

**Allegations of Misconduct at the Company's Fox News Channel Business Unit Could Impact the Operations of the Business Unit.**

The Company and certain of its current and former employees have been subject to allegations of sexual harassment and discrimination and racial discrimination related to alleged misconduct at the Company's Fox News Channel business. The Company has settled some of these claims and is contesting other claims in litigation. We have also received regulatory and investigative inquiries. To date, none of the amounts paid in settlements or reserved for pending or future claims, is individually or in the aggregate, material to the Company.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

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ITEM 6. EXHIBITS

(a) Exhibits.

- 2.1 Agreement and Plan of Merger, dated as of December 13, 2017, among Twenty-First Century Fox, Inc., The Walt Disney Company, TWC Merger Enterprises 2 Corp. and TWC Merger Enterprises 1, LLC (Incorporated by reference to Exhibit 2.1 to the Current Report of the Registrant on Form 8-K (File No. 001-32352) filed with the Securities and Exchange Commission on December 15, 2017.) ±
- 3.1 Amended and Restated By-laws of Twenty-First Century Fox, Inc. (Incorporated by reference to Exhibit 3.1 to the Current Report of the Registrant on Form 8-K (File No. 001-32352) filed with the Securities and Exchange Commission on December 15, 2017.)
- 10.1 Letter Agreement, dated December 11, 2017, between 21st Century Fox America, Inc. and David F. DeVoe.\*
- 12.1 Ratio of Earnings to Fixed Charges.\*
- 31.1 Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.\*
- 31.2 Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.\*
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.\*\*
- 101 The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2017 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated Statements of Operations for the three and six months ended December 31, 2017 and 2016; (ii) Unaudited Consolidated Statements of Comprehensive Income for the three and six months ended December 31, 2017 and 2016; (iii) Consolidated Balance Sheets as of December 31, 2017 (unaudited) and June 30, 2017 (audited); (iv) Unaudited Consolidated Statements of Cash Flows for the six months ended December 31, 2017 and 2016; and (v) Notes to the Unaudited Consolidated Financial Statements.\*

\* Filed herewith.

\*\* Furnished herewith.

± Certain schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the SEC upon request.



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.

TWENTY-FIRST CENTURY FOX, INC.  
(Registrant)

By: /s/ John P. Nallen  
John P. Nallen  
Senior Executive Vice President and  
Chief Financial Officer

Date: February 7, 2018