

# FOX Corp 2020 AGM transcript

## FULL TRANSCRIPT

**November 12, 2020**

**OPERATOR:** Welcome to the FOX Corporation 2020 Annual Meeting of Stockholders and thank you for attending the meeting. We realised that you may have questions that you would like to ask today and we request that everyone, please be mindful to keep their comments and questions to the time allotted. As noted in the rules of the meeting that were provided to you when you registered today, please direct all questions and comments to the Executive Chairman. Each speaker will be recognised once regardless of the number of shares the speaker owns or proxies he or she presents, only one speaker will be recognised for each organisation or shareholder. And each speaker may represent only one organisation or shareholder. Speakers are limited to one question which should be no longer than one minute in length and is related to the matters being considered at this annual meeting and to the business of FOX Corporation.

The use of cameras, recording devices and other electronic devices is prohibited at the annual meeting. We ask that you comply with these and other rules of the meeting so that we may conduct an orderly meeting, in the interest of supporting the health and wellbeing of everyone here today. We also ask that you adhere to the health and safety protocols provided to you and posted on our website. If anyone has not received the rules for today's meeting, please raise your hand and a staff member will bring you a copy now. Thank you. The meeting will now begin.

**Lachlan Murdoch:** Good morning everyone and thank you for joining us. I'm Lachlan Murdoch, Executive Chairman and CEO of FOX Corporation. My father, Keith Rupert Murdoch, Chairman of FOX Corporation, who is with us on the telephone, and I are pleased to welcome you to our 2020 Annual Meeting of Stockholders. Let me start by introducing our directors, all of whom are nominated for election at this meeting. They are joined by key members of our management team. On stage with me, are directors, Roland Hernandez, Chairman of the Audit Committee, Jacques Nasser, Chairman of the Compensation Committee and Lead Independent Director and speaker Paul Ryan, Chairman of the Nominating and Corporate Governance Committee.

And seated in the front row are directors, Chase Carey, Anne Dias and joining us on stage, Viet Dinh, Chief Legal and Policy Officer and secretary of the meeting. Additionally, in the front row are John Nallen, Chief Operating Officer and Steve Tomsic, Chief Financial Officer. Also present today is Bud McDonald of Ernst and Young, the company's independent registered public accounting firm. In accordance with the company's bylaws I hereby appoint Jim Raitt from American Election Services as the independent inspector of election for this annual meeting.

In addition to the directors and officers who are here with us today, I want to acknowledge and thank the 9,000 FOX colleagues who have played a pivotal role this year in serving, informing and entertaining our viewers, as we delivered on our business's strategic and operational objectives. When we began this fiscal year in July of 2019, we had much to look forward to and to be excited about from broadcasting Super Bowl 54, to covering a Presidential Primary season, to launching a new slate of entertainment programming.

We successfully executed on each of these events and quickly pivoted to cover the unexpected coronavirus pandemic. Our local and national news coverage kept audiences

abreast of the health, societal and economic development developments impacting their lives. Our journalistic excellence saw viewers from across the country and across the political spectrum, turn to us in record numbers. We ended fiscal year 2020 with record breaking viewership at FOX News and that momentum has propelled us into this fiscal year from Memorial Day through election day, FOX News was the number one network in prime time, amongst all broadcast and cable networks. Similarly, our FOX television stations have increased their news productions, giving viewers information most relevant to their cities and towns. Our viewers are spending more time watching their FOX stations than ever before.

In the fourth quarter, our stations experienced a 40% increase in viewership year over year. FOX has played an important role in covering the pandemic and caring for those it impacted. FOX was the first media company to create and broadcast a COVID-19 benefit special paying tribute to the brave medical professionals and local heroes for working to minimise the impact and fight the spread of coronavirus. The March 29th special, perfectly captured the spirit of FOX's company culture, compassionate and service oriented. Nearly 13 million people tuned in to our channels, websites and apps to watch, to learn and to give. Through our corporate donations, contributions from viewers and partners and the incredible generosity of our employees, the special raised more than \$15 million and helped to provide more than 30 million meals to those in need.

Our work with Feeding America continued with support from our various businesses. On April 2nd, the FOX News channel and Facebook co-hosted a town hall on the pandemic. As part of that collaboration, FOX News and Facebook jointly donated \$1 million to Feeding America's COVID-19 response fund, which helps food banks across the country as they support families impacted by the pandemic. This contribution funded 10 million meals delivered to Americans in need.

Across the FOX television stations, we touched many lives in the communities we serve. Many of our stations help students with remote learning by airing lessons for those who don't have access to laptops. At FOX Sports, we created public service announcements to both inform and inspire our viewers. They featured FOX Sports' personalities and included messages about how to limit the spread of COVID-19. Across our networks we also ran coronavirus related PSAs from the Ad Council, the National Association of Broadcasters, the American Red Cross, the Salvation Army and the California Surgeon General more than 50,000 times. FOX also partnered with Los Angeles Mayor Carcetti to prepare and package meals for disabled residents throughout the city. Just a few metres from where we are now, FOX food service workers watched with great pride as trucks were loaded with the 80,000 meals they made. It was emotional for all of us to know that their work directly helped so many Angelenos in need.

Importantly, we also took proactive actions to protect our full-time colleagues with salary and benefits continuation. FOX's named executive officers, which includes me, my father, Rupert Murdoch, John Nallen, Viet Dinh and Steve Tomsic, forwent our salaries from May 1st to September 30<sup>th</sup>. The senior management team reporting to me reduced their salaries by 50% through the same period. And from May 1st to July 31st, the salaries of executives at the Vice President level and above were reduced by 15%. Our non-executive directors also voluntarily agreed to suspend any increase in their compensation for fiscal 2021.

Collectively these voluntary salary reductions impacted approximately 700 employees. FOX is truly a family, with the few stepping up and stepping forward to help protect the many colleagues who continue to receive salaries and benefits without interruption, as a result. There is much more information about our community engagement and philanthropic work detailed in our inaugural Corporate Social Responsibility Report, which we published in September and can be found on our website.

Let me now share other business developments and achievements. Our fiscal year has been extraordinary, not because of COVID-19, but in spite of it. Our 2020 fiscal year has shown off the strengths of FOX, the logic of our strategy and the resilience of our business model. At the FOX network, this fiscal year was momentous. FOX was the number one broadcast network for the 2019 to 2020 television season among adults, 18 to 49. A tribute to our powerful combination of sports and entertainment programming.

In February, we broadcast Super Bowl 54, the most watched live television event of the calendar year, approximately 150 million viewers across the country tuned in to watch the game. On Super Bowl Sunday, FOX had one of the highest revenue days in TV history generating approximately \$600 million of gross revenue and providing an unmatched promotional platform for our advertising partners and our own content from across the company.

FOX was the only broadcast network to deliver year over year ratings gains. We outperformed the number two network by 31% in the key demo, driven by the *Masked Singer*, the season's number one entertainment series, *Lego Masters*, the top new entertainment reality program, and *9-1-1 Lone Star*, the number one new scripted show. This past fiscal year, we've also expanded the FOX portfolio with two notable acquisitions. Advertising supported streaming platform Tubi, and emerging Fintech marketplace, Credible are already growing with the support and a scale of FOX behind them.

Tubi has seen phenomenal growth since it joined FOX. Since acquisition Tubi has averaged an approximately 100% increase year over year in total view time, the most meaningful metric when measuring the performance of any AVOD service. Tubi complements FOX's portfolio and underscores our long-term strategic initiative to broaden and enhance direct to consumer digital reach while providing advertising partners with more opportunities to engage audiences at scale, it's a great business and a great fit with FOX.

Our digital expansion also includes continued focus on the opportunities presented by FOX Nation and FOX Bet using the reach of our leading brands and the connections consumers have with them we are accelerating the growth of these digital businesses that complement our core competencies. In turn, the digital investments we've made, extend the reach of our FOX brands beyond their traditional linear models, expanding their consumer base and creating new ancillary revenue streams. The success we have delivered operationally combined with our prudent financial management, place us in a powerful position for the future with strong free cash flow and liquidity, moderate leverage, and the absence of any debt maturity until 2022. The confidence we have in our business is reflected in our balanced approach to capital allocation, where we have continued to return capital to our shareholders through uninterrupted payments of our dividends and a continuation of share repurchases under our board's authorisation.

All the while we continue to invest in the long-term growth of our business through organic investments in our core brands and through strategic M&A. We remain committed to deploy capital in a disciplined manner to maximise long-term shareholder value through this balanced approach. This unprecedented 2020 fiscal year, saw FOX react quickly and purposefully for our businesses, our colleagues and our communities. Our firm footing financially, strategically and operationally has allowed us not only to recover, but to grow our innovative thinking in combination with the tailwinds of the fall sports and entertainment seasons, an ongoing need for live news analysis and clear and strong opinion has contributed to FOX becoming more competitive, more focused and more strongly positioned to deliver for our viewers, our partners, and for you, our shareholders.

And now on to the formal business of this meeting. This meeting is held pursuant to the Notice of Annual Meeting of Stockholders mailed on or about September 23rd, 2020 to each

record holder of a share of common stock on September 14th, 2020. A list of holders of the company's class B common stock entitled to vote at this meeting has been available at the company's headquarters for the past 10 days, and is available at the meeting for examination by any stockholder wishing to do so.

All documents concerning the call and notice of this meeting are available here today and will be filed with the records of the meeting. The inspector of election has examined the proxies received and reports the holders of a majority in voting power of all of the outstanding shares of class B common stock entitled to vote at the meeting are present in person or represented by proxy. Therefore, I hereby declare a quorum present at the meeting. On behalf of our board of directors I would like to express my appreciation to all stock holders who returned their proxies. It is now 10:15am on November 12th, 2020. The polls are now open for voting. Those stockholders voting in person should mark their ballots and accompany representative will be available to collect them for tabulation.

Those of you who requested a ballot, so you could vote in person were provided with a ballot when you entered the meeting, ballots are also available where registration took place. However, we urge stockholders to allow their proxies to stand. You will have an opportunity to ask questions after all matters being submitted to stockholders for vote are presented. Please hold your questions until that time.

The first matter to be acted upon by the stockholders is proposal one. The election of directors, the board has nominated Chase Carey, Anne Dias, Roland Hernandez, Rupert Murdoch, Jacques Nasser, Paul Ryan, and myself to serve as directors. If elected these director nominees will each serve a one year term expiring at the 2021 annual meeting or until their successors are duly elected and qualified.

Proposal two, is for the ratification of the selection of Ernst and Young as the company's independent registered public accounting firm for the fiscal year ending June 30th, 2021.

Proposal three is for an advisory vote on executive compensation. I present the results in the inspector of elections' preliminary report, based on the proxies we have received. The inspector of elections' final report will be filed with our Corporate Secretary following the meeting.

A preliminary report of the inspector of election reflects that a majority of the eligible votes cast have been voted for the election of the directors, for the ratification of the selection of Ernst and Young as the company's independent registered public accounting firm for the fiscal year ending June 30th, 2021. And for the approval of executive compensation. Thank you for your support.

We will report the final result of this meeting in an SEC filing, which will be made after the market closes today. At this time, stockholders who would like to ask a question, may step up to the microphone and present the blue or green admission ticket that you received upon registering with a company representative. Before asking your question, please state your name and affiliation. **As noted in the rules of the meeting that were provided to you when you registered today, each speaker will be recognised once regardless of the number of shares the speaker owns or proxies, the speaker represents. Only one speaker will be recognised for each organisation or shareholder, and each speaker may represent only one organisation or shareholder.**

**Each speaker is limited to one question which should be no longer than a minute and less. We ask that you comply with the rules of the meeting so we can conduct an orderly meeting. And those who would like to speak have an opportunity to do so.**

Do we have any questions? Are there any other ballots that need to be collected? It is now almost 10:18am on November 12th, 2020, the polls are now closed.

That concludes the business described in the Notice of Meeting and the meeting is adjourned. Thank you for your attendance, any stockholder, wishing to inspect the minutes should contact our Corporate Secretary. Thank you all very much for attending and have a great day.

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