Company Name: Fox Corporation (FOXA)
Event: Needham Emerging Technology Conference
Date: May 21, 2019

<<Moderator: Laura Martin, Needham & Company>>

[Inaudible] introducing Steve Tomsic. Steve is at Fox for 15 years and was recently appointed CFO, where he is responsible for Fox’s corporate and operational financial activities, including capital markets, M&A, treasury, risk management, tax, financial planning and analysis, accounting and external reporting. Before New Fox, Steve served in various senior financial roles for 21st Century Fox worldwide, including Sky Deutschland, Sky Italia and Foxtel. Prior to joining Fox, Steve worked in the Australian offices at the Boston Consulting Group, Nomura Bank and ANZ Bank.

So, Steve, why don't we start with how you got here? Can you talk about your professional path from Australia to the seat you're sitting in today at New Fox? And I'm really also interested in how the culture of new Fox is different from the cultures, like you've been at a lot of Fox organizations as part of your path. So talk about how this New Fox has a different culture from the ones you've worked at in the past.

<<Steve Tomsic, Chief Financial Officer>>

Sure. So how did we get here, how did we get to New York, it’s a question my wife and I ask each other often. Exactly, so for those of you who don’t, though Laura gave you the brief CV. I started with what was in the News Corporation Group in 2002, working for a company called Foxtel, which was essentially the start of pay TV in Australia.

Having spent a few years there, I then moved to Milan and worked at Sky Italia. I spent a couple of years in the News Corp corporate office in London and then spent five years in Munich working for Sky Deutschland as the CFO. And that was when the company was partially owned by News Corp/21st Century Fox and partially – well, it was a publicly listed company.

I came to New York in the autumn, or sorry, I should say the fall of 2015. And within 12 months we were making an offer for all of Sky. And then 12 months after that, the whole Disney thing happened and that gave rise to Fox Corporation, which gave rise to me being here.

And culturally, I think the New Fox is still like I think its nine weeks old today. So, culturally it kind of feels back to the future. It feels more like, I don't want to say pioneering, but it feels like some of the bureaucracy and the processes that we've been unshackled from some of that and we feel like a much tidy unit. I think to a certain extent old Fox/News Corporation was run as a federation of independent states in terms of each division for the time corner. And I think now there's a much greater sense of togetherness and so it's really great for the way the company pushes forward. But it certainly feels like that kind of entrepreneurial spirit and that real sort of push to make the assets work as hard as they possibly can, is really [inaudible].

<<Moderator>>

Is that a bit smaller or is it Lachlan?

<<Steve Tomsic, Chief Financial Officer>>

Both. I think Lachlan is wanting to make a really, really strong impression on the company and impose his views of the world on the company. But I think it's a smaller, more manageable company. It's all domestic, it’s a simpler business model. So it really is – it's a combination of the two.

<<Moderator>>

And when you say work as hard as they can, do you see a lot of overlaps in the like news to me, I don't see news, sports and entertainment as having a lot of synergies to each other. Like sports doesn't help news, sports helps entertainment, but like news feels really different to me from the other assets from a synergy point of view, I think, am I wrong?

<<Steve Tomsic, Chief Financial Officer>>

I think they connect in this... mentally in my mind I have this connection of how the assets all sort of come together. So, I think you've really got to see the network and our local TV stations as being sort of all part of the same broader asset groups. So, our sports assets certainly help the success of our entertainment assets. And now kind of the network programming that we feed into our local stations, obviously, give those local stations an incredible step up and they're able to then take that audience, because we actually program less than most of our competitors from a network perspective…

<<Moderator>>

10 hours versus 21? Is that right?

<<Steve Tomsic, Chief Financial Officer>>

Exactly.

And so were able to take – well, our local TV stations are able to take that really concentrated big audience and push them through their news programming and then more local programming. And then our local, and there's this connection between our local business, which is heavily news focused. We do – by the end of next year we'll be doing a thousand hours a week of local news.

<<Moderator>>

A week?

<<Steve Tomsic, Chief Financial Officer>>

Yeah. Across all of our TV stations. And then that connects deeply with our national news footprint. So, I kind of see it as a continuum of assets and I think between the two communities or the multiple communities we have these huge opportunities to cross promote across our assets in a much more lined up kind of way.

<<Moderator>>

Well, and I do think the point you're making that that does overrule my point is if you're doing a thousand hours of news in local stations and my recollection from the Analyst Day is that 50% to 70% margins, am I remembering that right?

<<Steve Tomsic, Chief Financial Officer>>

Yeah. I think closer to the 50%, but it's…

<<Moderator>>

Okay, 50% margin.

And then FOX News is another asset owned by new Fox and that's a national. So, is that synergistic, the local 1,000 hours of local with the national, does that have a synergy that I'm not thinking about maybe?

<<Steve Tomsic, Chief Financial Officer>>

It's synergistic to a certain extent with the programming. So, the two can feed off one another if there's a big local story in L.A. then the local station can pick that up, feed that into the national network. And then when you look at it from a monetization perspective, there's no doubt that having FOX News, which is the most watched station in all of cable, most watched news network in all of cable. On top of the power of what we deliver from a network perspective creates a pretty formidable negotiating stance with respect to driving affiliate fee. And so I think whilst the two operations might not necessarily be synergistic from a cost point of view, having those assets line up and being able to talk to distributors about that collection of assets is a pretty formidable opportunity for us.

<<Moderator>>

But it's different. Okay. So the retrans fees are really against like Comcast and you're saying when you negotiate FOX News that's also against Comcast. And you sort of tie them together a little bit in a bundle when you're approaching Charter, or Altice, or Comcast.

<<Steve Tomsic, Chief Financial Officer>>

Yeah, we definitely negotiated as a suite.

<<Moderator>>

It's negotiated as a suite, which is different than the past under Roger Ailes where Fox had a separate…

<<Steve Tomsic, Chief Financial Officer>>

Yeah. And there are still some deals, that are legacy deals where FOX News was out on its own negotiating on its own affiliate deals, but they come to an end pretty quickly. But now we negotiate as an absolute suite and in its most extreme form, we don't even price the channels on a per channel per subscriber base. We say this is the price per subscriber for those suite of channels. And so…

<<Moderator>>

CBS does this too.

<<Steve Tomsic, Chief Financial Officer>>

So, I think that's a really powerful opportunity for us.

<<Moderator>>

Okay. And so there’s other legacy deals from the Roger Ailes era, they’re all ending and then everything rolls up into a… and that should give you more bargaining power. So that is a synergy.

<<Steve Tomsic, Chief Financial Officer>>

Definitely.

<<Moderator>>

And you think that's based on news? Is that a news driven synergy?

<<Steve Tomsic, Chief Financial Officer>>

I don't want to say it’s a news driven synergy versus it's a network synergy. I think the two bring their own sort of unique kind of programming and really, really high resonance programming separately.

<<Moderator>>

Okay.

<<Steve Tomsic, Chief Financial Officer>>

But the combination of the two is very powerful.

<<Moderator>>

Okay.

So, I guess one of the questions I have is, is basically – is news 70% of the EBITDA of this combined company, if I had local and national, I mean it does really anything else matter?

<<Steve Tomsic, Chief Financial Officer>>

Yeah, of course, it matters.

I think, I'm not going to go into is news 70% of the P&L. News is a really, really important part of our business. We're a simple business, right? It's lots of live sports, news and entertainment and the local TV stations. And so, I'm not going to hide from the fact that news is a super important part of our business, but it is one part of our business. We feel really strongly about it. It's a really engaged audience and we can talk forever about sort of why news is important to us now and why it is sort of strategically sort of important going forward and what protection we have around that asset because it's a really precious asset for us.

<<Moderator>>

A big moat.

Let's talk about the future; like you're the CFO, if you think three years out, clean piece of paper, everything goes exactly the way you want. What does Fox look like in three years?

<<Steve Tomsic, Chief Financial Officer>>

Okay.

<<Moderator>>

And I'm sort of more interested in how is it different because I know you're doing some stuff with betting, which is interesting. You're doing some stuff with eSports. I'm a super fan of this eSports trend. So, talk about, three years from now ideally everything goes right, what does Fox look like?

<<Steve Tomsic, Chief Financial Officer>>

Okay. So, if you – that takes us out close to the end of our fiscal 2022.

<<Moderator>>

Yeah.

<<Steve Tomsic, Chief Financial Officer>>

So, if you break it down into, let's think of it as the basics and then extracting value from what we have and then building for the future.

I think from a basic perspective, to a certain extent, the elephant in the room, there's this pesky issue of renewing NFL.

<<Moderator>>

Yeah.

<<Steve Tomsic, Chief Financial Officer>>

And so we'd like to have that done and dusted. And we had Roger Goodell at our Investor Day a couple of weeks ago. And so we feel incredibly well positioned to be able to make that happen and that plays out over the next three years.

I think we've put targets out there in terms of where we think we can get retransmission revenues over that kind of timeframe. So, by calendar 2022 we expect to have $1 billion more of retransmission revenue on the books. And so I think that is part of, sort of getting closer to realizing proper value for the current asset portfolio that we have. And so fast forward in three years time, we tick that off, and that's a really important milestone for us.

And then I think in terms of building for the future and taking this existing asset base and sort of taking that and having a more fortified business, having a business with more – with more than just affiliate fee income and advertising revenue being, it's sole way of monetizing. I think we have to put some stakes in the ground in terms of how we want to build this business. So the most recent thing we did was on our Investor Day we announced the deal with TSG, The Stars Group. And there we feel – like that to us is that is the classic deal that takes – it helps us in terms of the product itself helps engagement of our own content. So, people who are wagering on the outcome of sports are probably going to be more engaged in watching our sports broadcast, so tick that.

It takes our broadcasting assets and helps the partnership that we have with TSG. And just as importantly, it takes this vast audience that we have every day or every night on the network, and gives us with – in partnership with TSG – the opportunity to be able direct that audience into sort of free to play games or wagering products. And we can monetize that in multiple ways that the most basic of it is, is a brand license fee attached with it. There's minimum media spend, but I think in many respects you got to see the media spend is substitutional because on sport, we're sold out anyway.

But for each of the customers that we refer into the partnership we'll have a revenue share against that. And then we have a carry in the asset value. And that is at two levels. So we have just under 5% equity in the Stars Group, which is a listed company, $5 billion market capitalization. And so in success and in success in the U.S. will have a material impact on the Stars Group itself. And so we will benefit from that.

And then the second piece is, essentially the way you got to look at it is the bidding operations will be state by state because each state will have its own regulatory framework and each state will have potentially different thresholds at which point you need to get licensed or not licensed. And so we'll have an option to be able to take direct equity up to 50% in each one of these state based businesses and share in the asset value of each one of these businesses.

<<Moderator>>

Noted on the balance sheet [inaudible] for a minority position.

<<Steve Tomsic, Chief Financial Officer>>

Well, we can go to 50-50 if we choose to. And if the licensing regime requires us to license at 50, tean we have to make a call about whether – and it's going to depend, like some states will be more draconian than others and so we'll make a call about whether the value upside is worth or the probity checks that you need to go through for the licensing. But it gives us, in many respects, it ticks so many boxes for us in terms of an M&A opportunity and operational opportunity. So, in three years time, we would hope that that would at least not the end of the story in three years time, we'd be hoping that, we're showing real green shoots in three years.

We've made a bid on eSports in the form of Caffeine. And so for people who aren't familiar with Caffeine, the sort of the really butchered way of describing it is, it's Twitch for mobile. And so we think there's an opportunity for us to take our sort of video experience and have that play out through sort of this community – this mobile community on eSports.

<<Moderator>>

You are taking your linear…

<<Steve Tomsic, Chief Financial Officer>>

Some of it, and we'll try and gamify some of our existing assets as well as the opposite, which is us having exposure to eSports.

<<Moderator>>

On your linear channel.

<<Steve Tomsic, Chief Financial Officer>>

Yes, it can work both ways, right. And so we have an equity stake in Caffeine itself and we have the 50-50 JV in the Caffeine Studios, which is the content producing arm of that. So this is a very nascent area for us, but over three years again, we'd expect to see progress.

<<Moderator>>

Absolutely, we see conversions between, I think of over the top video and eSports, it's all young, it's all 20 years younger, eSports is even in the young end of that. So, I think great thing of experiment.

<<Steve Tomsic, Chief Financial Officer>>

And the other thing we saw in the old world where like Star had a similar kind of platform, but it was dedicated to cricket. And so they were able to overlay…

<<Moderator>>

Star is confusing, because everyone thinks of Malone…

<<Steve Tomsic, Chief Financial Officer>>

No, no, sorry, Star India. Precisely.

So we had a platform called Hotstar, which was able to essentially gamify the cricket, so that people were always, even if the result was running away, people were able to stay in the moment with it because they are able to…

<<Moderator>>

And what did you see with that? Like what happened to engagement lengths when you did that, when you gamified cricket?

<<Steve Tomsic, Chief Financial Officer>>

Extraordinary jump in terms of engagement and not only in engagement measured both in how people were emotionally invested in the game, but also how much they stuck around for the game. So even when the game became a foregone conclusion, they would stick around because there was another aspect to the broadcast. So, there's TSG, there's Caffeine and then I think the other piece to this, which again goes to this news asset that we have is – so we've just started off with…

<<Moderator>>

I'm telling it’s all news.

<<Steve Tomsic, Chief Financial Officer>>

It's not all news. We have Fox Nation, which is again still in its early days and we would expect that to sort of become a much more meaningful part of, sort of the tapestry that is our... I think that what people really need to understand about our news, and I don't want to play into your theory that it's all about news, is that news is so much more than the three hours of opinion Monday through Friday, right. It is…

<<Moderator>>

I mean, local news…

<<Steve Tomsic, Chief Financial Officer>>

No, no, on the national, I mean national, I'm talking about it so much more than Hannity, Tucker Carlson and Laura…

<<Moderator>>

Those personalities and their opinion, okay.

<<Steve Tomsic, Chief Financial Officer>>

It is just an enormous, like we call it now FOX News Media because it just encompasses so many layers to it. And so Fox Nation is one of those layers and the loyalty of the community we have there is really powerful for us. It levers – I think, people talk about the fact that we don't have this D2C streaming service or we don't have a direct relationship with our clients. We kind of argue the opposite internally, like our foxnews.com website has more than 100 million uniques a month. We have over 2 billion page views a month. So, there's this extraordinary community that's wrapped around FOX News that Fox Nation is a derivation of that. So, these are the sorts of things that we hope over three years time…

<<Moderator>>

Are you hoping that's going to be big? You think you'd get 2 million subs the way WWE did?

<<Steve Tomsic, Chief Financial Officer>>

I'm not going to put a number on it, but we're very enthusiastic about the opportunity, and we'd say, we're going to lean into it this year.

<<Moderator>>

And it's an SVOD service?

<<Steve Tomsic, Chief Financial Officer>>

It's an SVOD news service, but I think it's broader than just being, I think it's more about a community than just an SVOD news service. And it's not the SVOD of just taking the linear channel. It is fresh content that we're building for this community.

<<Moderator>>

Okay. Well, let me just push, so WWE has $10 a month, I would absolutely call that a community and they have special purpose. They're just more senior. Like they did it in 2014, right? So, they're sort of five years along the way, but it has like a linear channel feed, it has library and then it has original content. That's where you're going with the Fox Nation for news similarly. But it will run the linear channel?

<<Steve Tomsic, Chief Financial Officer>>

It doesn't have the linear channel now. The linear channel is off to the side.

<<Moderator>>

That make sense, because it's got deals.

<<Steve Tomsic, Chief Financial Officer>>

Precisely.

<<Moderator>>

Okay. But over time you might think about – okay. I'm telling you, it’s all about news. I'm going to convince you one of these days.

Let's talk about – so one of the things that Fox is doing that's super interesting in sort of actually you sold $70 billion worth of it to Disney because they wanted a Disney+, Apple Plus, Warner Brothers Plus, lots of guys are coming out with pluses and it's all about OTT globally scaled. So you're taking two strategic, sort of digging in your heels, two strategic differences from lots of big companies now, which is A, U.S. only domiciled and second, linear only looks like linear TV ecosystem where other people are trying to sort of escape that box. That's the messaging we're getting from them. So, talk about why like Back to the Future, you've used that already that phrase. Why is that? Why is going back the better way to go forward?

<<Steve Tomsic, Chief Financial Officer>>

I don't want us to sound like we're aggressive or we're flat earth merchants or things like that. I think you got to pull it apart because I think in that question you're implicitly talking about the power of streaming and you're also talking about where does the bundle go and then where does our content sit within that ecosystem, if you unpack it. And I don't think value necessarily gets created by following everybody else down the same rabbit hole.

<<Moderator>>

I agree with that.

<<Steve Tomsic, Chief Financial Officer>>

So, if you look at the old way of video transmission and what streaming does in order to put power back into the consumer's hands. Essentially the old way was confined because you're stuck with a schedule and you had limited physical capacity. And so with the advent of internet distribution of video, you've got essentially unlimited capacity and you're no longer schedule constrained. And so say entertainment programming, all of a sudden you've got this vast library that can be monetized but it can be drawn down on by consumers. And you are legitimately filling and made the consumers have, which is I want more of that content and they want to consume it whenever they want, right?

And so from the entertainment side of the business, certainly that's where that seems to be going. When you look at the content that we're focused on, streaming actually doesn't add that much. In fact, I'd argue that streaming the Super Bowl is actually a lesser experience from just a quality of signal perspective then watching it on a big screen through cable. So, you're not really solving anything with streaming from the perspective of – it's not as if you have all this capacity of programming that you can't show because the sports are shown when they're shown. The news happens when it happens.

So, it's not as if there's this pent-up sort of library that you're not being able to show out there. And so in some respects, having this streaming offer is, is you creating a solution or problem that actually doesn't exist? There's no one…

<<Moderator>>

Genre specific [inaudible].

<<Steve Tomsic, Chief Financial Officer>>

Exactly. Because our genres are genres specific, so they're live. And when you look at it, excuse me, there's no one who's not able to watch the NFL game on Sunday because of the way we're distributed, right? If you want to watch it on your living room and it's a satellite or cable feed or it's now on Hulu, you can watch that. The authenticated apps mean you can watch it wherever you want. And so there's – by us offering a streaming service direct to consumer, yes, that might be the fact of the day, but it's actually not solving any consumer issue.

<<Moderator>>

[Inaudible] for sports.

<<Steve Tomsic, Chief Financial Officer>>

For sports and for news. Then if you look at it from the perspective of the bundle, again, we don't want to be seen as [inaudible], but we think if you've got this huge proliferation of content and apps and services, ultimately it might not be the same aggregator or the same way that the aggregation service is performed now with traditional MVPD's. But there is going to be somebody that brings that all together and offers it at a cheaper price than buying each service singularly.

And we think that when you've got two of the top five watched networks in all of America, people are going to come knocking on our door wanting us to be at the foundation layer of each one of these services – and they are, right? So, from a digital distribution perspective, with the exception of FOX News, which is not carried on Sling, and I think Lachlan's put the asset on our distribution guy, Mike Biard, to be able to get FOX News on Sling. We have carried on all the digital services and as more people try and impose themselves as aggregators of content, we will be part of that.

<<Moderator>>

[Inaudible]

<<Steve Tomsic, Chief Financial Officer>>

Yeah. Let's not go there. Let's not go there.

But, so we've made very conscious decisions about how we're distributed. We ultimately believe in the power of our programming and the power of our programming to find its consumer through whichever way the distribution landscape unfolds. And in terms of – I think the final leg of your question is, how do you create value out of that? And so we think there are still lots of dollars left on the table in terms of being able to drive monetization of retransmission in particular. We clearly believe in the power of news and the power to be able to deliver rate growth in terms of affiliate on news. And we believe that taking that asset footprint and being able to invest in adjacencies will fortify the business going forward.

So, we think we've made quite a deliberate choice. It's not – you spoke about global versus local. We think our content – some content can be incredibly global. The content we play in is incredibly parochial, so very local. It's either local in terms of national U.S. or incredibly local because it's L.A. or it's New York. And so we don't feel we're wanting anything by not having this global platform, like Netflix has 140 million subscribers. We take pride in the footprint we have and the quality of the assets we have in this footprint.

<<Moderator>>

I have some more questions, but how about if I see there's – yes, sir.

Q&A

<Q>: [Question Inaudible]

<A – Steve Tomsic>: Yeah. So, I think John at the Investor Day gave a breakdown of how our cost base actually works. It's half of the overall. So, three quarters of the cost base is programming and half of that – sorry, two-thirds of that is sports. So, half of our overall cost basis is sports rights and production. News is incredibly controllable in the sense and it's part – it's a big absolute number, but it's part of the moat in terms of news. We have across our business, whether it's people working on the national news service, FOX News, and all of its

constituent businesses, or it's people working in our local news footprint, we have over 4,000 people working on news.

<Moderator >: I told you it’s all about news.

<A – Steve Tomsic>: So, to replicate that, it gives us an enormous amount of protection because to replicate that is really difficult because to get to that scale is really hard, but the incrementality of that year-on-year is actually really quite modest. Like renewing a talent deal for that individual can be expensive; but in the grand scheme of our cost base, it tails into insignificance when you're talking about the renewal of sports rights, and really the things that can swing at are kind of like sort of a string of big news stories. We just have to send journalists to cover the story. But again, in the grand scheme of things, they are very, very controllable costs. So, every marginal dollar incremental at the top line, whether it’d be through advertising or retransmission, really, really does work itself through down to the bottom line because it's so margin rich at a marginal level.

<Q>: [Question Inaudible]

<A – Steve Tomsic>: No. I think – I see them separately. So, we invested $236 million at the top co-level and that money is invested. And then for each of the U.S. joint venture or the U.S. partnership for us to take a stake in that would mean us essentially paying cost for those stakes.

<Q>: [Question Inaudible].

<A – Steve Tomsic>: No. So, when I say at cost, the value is represented by, if there was a cash burn in that business, we would take our pro rata share of the cumulative cash burn.

And it is truly at our option, right? So, it's an option but not an obligation to invest at the local level.

<Moderator>: State by state. So, if you hate California, but love Los Vegas or somewhere?

<A – Steve Tomsic>: And I think the state by state, I imagine that it would be a relatively uniform in terms of community interest in wagering and the consumer interest in wagering. I think the thing that really probably is the delta between each given jurisdiction is where the licensing threshold kicks in.

<Q>: [Question Inaudible]

<A – Steve Tomsic>: I think we approached it from a different angle from Sinclair, I don't want to talk to sort of what their rationale or objectives are with that asset. But when we looked at it, and we had to make, because at the time we made it quite public that we were going – that we weren't going to participate in the process because at the time, and this goes into why we actually ended up not going forward with it, because we know the assets incredibly well and we love the RSNs, when it was part of the 21… exactly, we sold it. We had to take a public stance on it because at the time we were in the debt markets raising money in order to pay the Disney

dividend. And so the markets didn't – we didn't want to go to the debt markets with the overhang of having another big debt raise as people speculated on whether we would or would not buy the RSNs.

And so from a couple of perspectives, we chose not to play in it. One is, it would have taken our leverage to a place that we would have felt uncomfortable with, albeit we knew the assets and the reliability, the cash flows against them. But we didn't want to go there. And it really would have tied up our balance sheet flexibility for a reasonable amount of time going forward against assets, that I would have sat in this room a year down the track or two years down the track. And you would have been saying to me, how do we get growth into our portfolio? And the anchor of that growth would have been the RSNs because it's a pretty program P&L with the RSNs in the sense that you've got affiliate fee dominant revenue line and you've got a programming or a sports rights costs, dominant cost base. And you could see the way those curves work for a long time out. And I think you guys would have been frustrated at the growth profile of our overall business. Now what it does for Sinclair, is a question for them.

<Q>: [Question Inaudible]

<Q>: So my last question is, and there's a lot of guys, not just you saying retrans we're going to add $1 billion of retrans, not that number, but like, but to me is that a strategy? Because if we have a shrinking TV ecosystem, let's say we get another $1 billion, okay. Since we're buying equity, which is a longer term asset, 10 years, 15 years, I need to sell those stock in three years, five years, seven years. So even if we get another $1 billion of retrans, okay. But then as the next number down for the rest of our lives. I mean as retrans – increasing retrans really a strategy for all these people that say, hey, retrans is going to be great?

<A – Steve Tomsic>: I think we see it in a couple of parts, in a couple of phases, right. So retrans we've called, we do $1 billion by calendar year 2022, and we don't think it stops there, right? We don't think, honestly we think we've got a pretty unique, high resonance, high engagement set of assets that have got further to go in terms of pricing. And I think maybe in terms of the over – because I think where you're going is the overall ecosystem is going to shrink and therefore…

< Moderator>: It is shrinking.

<A – Steve Tomsic>: It is shrinking, but we think that ultimately people – our content will end up finding its consumer and there will be value to be had and whether or not…

< Moderator>: [Inaudible]

<A – Steve Tomsic>: Exactly, exactly, exactly.

And then the other piece again, in terms of investing, because ultimately you sort of saying, well why do you continue to invest in network assets in local TV if you think that retrans has an ultimate cap, we can argue the toss on whether it does have an ultimate cap. But the power of that audience and the power of that programming and giving us an avenue to adjacent opportunities, the most recent of which is this betting opportunity really gives us not just the immediacy of getting retrans into the P&L, but gives us option value in terms of building assets around what we have.

<Moderator>: So we're going to take the cash flow and do something to have a 10 year view.

<A – Steve Tomsic>: Which is – we're not going to do, because the other question, which we haven't entered, which is stunning, is what are we doing with capital allocation? But we'll be sensible with it. We'll play within the sort of the constituency of the assets we have, bringing the power of the audience that they gather and putting those into businesses that we see as being high growth in giving us… potentially younger.

<Moderator>: Potentially, you can't get older, but by taking the cash flow and doing something more growthy with it.

Okay, I'm going to call it there and thank you very much.

<<Steve Tomsic, Chief Financial Officer>>

Thank you.