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PRESENTATION

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Good morning, everybody. We are thrilled to have Stacey Snider, who runs the Fox Studio, here with us for the first time as the head of the studio. So thank you, and welcome.

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Very happy to be here. Thank you for having us.

QUESTIONS AND ANSWERS

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

So you've been at Fox, it's amazing that it's almost 3 years. And you've been working hard at work building the management team, gearing the studio for its next phase of growth since you've become the CEO. As you look across Fox's -- the Fox Studio operations, what are your current priorities for your business? And what are you doing today to make sure you have the right content and monetization strategy?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Well, during the last 3 years and certainly during this last year in my present position, the priorities have been clear to me and urgent. The first is to stabilize and build upon the great executive team that we already have. Human resources is critically important. It's not often spoken about, but it's a people business and having the very best people at the company is critically important. I spend a lot of time focusing on my just general routine management responsibilities. The second important goal is to make sure that we attract and hold on to the very best talent in the business. The differentiator, no matter how much one speaks about platforms and different distribution models, the differentiator is great content. And it sometimes gets short shrift or it sometimes is presented as a given. And so for us, making sure that the very best filmmakers know that they can make their films and television shows at Fox is critically important. We've got Steven Spielberg directing a movie for us now, Guillermo del Toro, Wes Anderson, Jim Mangold, a young fellow named Jim Cameron. And one of the things that, I think, goes less articulated is that great advantage we have for the strong brands across the television landscape at FOX also. So being able to work with Noah Hawley, who created Fargo, he's directing a picture for us, being able to work with Ryan Murphy. I think looking at the company as a whole, not as a siloed business, has been something that me and my team are focused on is when we roll out the welcome mat, it's to the entire Fox constellation of companies. The third is innovation. It's really important that we do what we do better and smarter and more efficiently. So whether it comes to production or marketing, we're looking at ways where technology and innovation can help us. And with great support from management, we've made investments. It's not just speaking about doing things smarter, we're making investments in new technology. One example is we've got a multiyear, multimillion-dollar data resource, data management program that's been kicked off. It started in the motion picture group, it's now extended across the lot. And the goal is to know our customer. The goal is to invest in knowing our customer beyond NRG focus groups, beyond some Facebook pages and social media but to really be able to know them, market to them, know what kind of movies what they like, know what kind of stories they like. And we are already seeing it reap rewards. The other example where technology can help us is literally in the way that we make movies. And having been in the business for 30 years and identifying myself as a real classists, it was surprising for me to think that I would be pulled toward technology as a way to make films better. But we were turned on to a company called Technoprops, which enables -- it was founded by a real visionary named Glenn Derry. He creates all the toolkits and rigs and technology for the very best filmmakers to take their art to the next level. And one of the things that he created was the ability to previsualize movies entirely before they're shot. So instead of just seeing action sequences previs, which means like Avatar game-level technology that shows the actors doing what they're supposed to be doing, this enables us to see the entire film, see if it's working, watch it, make changes, make it better and turn the cameras on when it's ready. So it's a huge advance in terms of being able to make films better, which in this landscape they need to be. And then I would say new businesses, ancillary businesses, looking at ways that we can acknowledge and find the value in these popular brands and popular characters. So we've invested in VR, in a game company we acquired, Aftershock. And it became the center point of FoxNext, which is doing VR in games. We brought on new people to do consumer products and revamped that business. We're doing television animation. And we made a deal with the Russos to -- these are the guys that directed Captain America and they're doing the next Avengers movies. And they're going to make all their movies with us going forward. The deal starts in January. And then lastly, it's culture. I spoke about it a bit when I mentioned breaking down the silos. But if everything we do has to be more efficient, smarter and better to compete in a landscape where consumers have so many choices, it doesn't help if we attract the best filmmakers, it doesn't help if we attract the best talent if we're not working borderless. And so that's the mantra that I have in my head all the time: people, filmmakers, innovation, new businesses, culture.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

How important are your multiple film labels in executing your plan?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

It's the reason that I went -- I was lucky to go to Fox and happy to be there. But one of the things that attracted me so much to the company and made me so hopeful about working there was the variety. The film labels that were created include the main division, TCF, Fox 2000. TCF is run by a wonderful executive, the Vice Chairman, Emma Watts. Fox 2000, and it's run by Elizabeth Gabler. The animation company is run by Vanessa Morrison. Fox Searchlight is run by Nancy Utley and Steve Gilula. And we have local production, Fox International Productions. And again, when you combine that with the network, 20th Century Studios, FX, the Sports, et cetera, what enables executives like myself to do is go out there and hustle talent and say, "Guys, if you can't find a sandbox to play in at Fox, you maybe should reconsider your idea because there's going to be a home somewhere in this company for you to make your films." And so certainly for recruiting talent, it's been critical, but also I think for the customer, for the consumer. That we can have in a year a film like Hidden Figures from Fox 2000 and Logan is meeting the omnivorous appetites of the audience. No one wants the same diet. And I love that we have variety. At Fox Searchlight, for example, they're right in the midst of a big strategic change, which they started to talk to me about 18 months ago, to control their destiny and to bring more production in-house. And they've got Battle of the Sexes with Dayton and Faris. They've got a Guillermo del Toro movie, a Wes Anderson film, Martin McDonagh. And they're all in-house productions. So they're not subject to the competitive pressures of the film markets and festivals. Whatever competitive pressures they were feeling from Amazon and Netflix out there jacking up the market, they're making their movies with great filmmakers.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Before we get to actually that last point, I just want one more question on kind of like the bigger picture. What do you see as the biggest long-term growth drivers for the Filmed Entertainment business?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

I guess the biggest long-term growth strategy has to be consistency in output. We've got to have the best, the very best, movies that are essential. And we don't talk about it that much because there was always a default moviegoing business. But I hear the streaming companies talk about making sure that Netflix programming is essential. And we are absolutely focused on that. We're focused on the international markets, China particularly. It was heartening to see that the market rebounded this spring and summer. And we do think that a PVOD offering will be a growth opportunity for the company.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Okay, sure. Yes, we'll definitely get to that. So you mentioned Netflix and Amazon. So let's get to that. There's been a lot of talk about the big FANG companies disrupting the TV business. And the TV world is undergoing a lot of change right now. But Netflix and Amazon are increasingly active in film acquisitions and productions. How does this activity on their part, how does it affect your business, if at all?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Look, it affects us in that there are other buyers. So on a deal-by-deal, project-by-project basis, there's new people competing for a script or talent, and so we feel that. But from -- if you step back from a macro perspective, I firmly believe that there is not one single advantage that the FANG companies offer filmmakers or film lovers. I firmly believe that. And I believe it as an executive and as a consumer. When it came to television streaming, there was an advantage, which was creating binge-able watching. That was a brand-new opportunity. Commercial-free had been offered. But this idea of binging, this idea of getting your fix as the little circle buffers was new. There's nothing better about watching a film on Netflix or Amazon. There just isn't. You can't find them. There's nothing about the experience of making them in a churn-like environment that appeals to filmmakers. And this is not conjecture on my part. I speak to them. And there's nothing wonderful about having your upside opportunity capped and commoditized. And so I'm very aware of what technology companies, how and why they value studio output. It helped them build their businesses. And I think that for talent now, they are and will be wising up to the fact that Netflix making 50 films a year is not an advantage. It just isn't. There's no care and feeding. And these are artists. I know it's a business. And we're very, very mindful that if unpopular films continue to get made, artist-schmartist, they won't be around. But when I think about, for example, how we've cultivated certain relationships, Simon Kinberg, who does all of our Marvel films or Jim Mangold, who directed Logan and is about to direct another film for us, it's meaningful. It's meaningful that Steven Spielberg is making a film for us now. That 30-year relationship actually matters. And I look at what my colleague, John Landgraf, cultivates with by having a close relationship with Ryan Murphy and Noah Hawley and the Atlanta creators. And he's doing it on a shoestring. So I ask myself, "If it takes that many billions of dollars to have the same number of hits, what's the big advantage?" And I certainly don't see it in film. I really don't see it in film. I couldn't find, and I won't say their names, but I couldn't find the Netflix movies that we were all supposed to be upset got made at Netflix. Show me where it is, point me to an article that -- or campaign that gets me excited. And we've seen filmmakers come back around. And I think they're also starting to talk about what does it mean to have your back end bought out.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Right. As a content maker for the world, you have numerous windows to monetize your investments. The first window of potential, theatrical, seems to confront a new challenge every 6 months or so, whether it's Netflix original or a screening room or some other type of encroachment. And as we alluded to like a few minutes ago, premium VOD has been a big discussion this year. Can you talk about -- what is your point or Fox's point of view on this type of window shift? Can it materially impact the film ultimates? Is it really incremental?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

It really is incremental. I mean, think about the fact that we are probably the only business that I can think about that advertises movies and makes movies that are off the shelf for a long period of time, 45 days roughly. We are still among the best, if somewhat inefficient at times, marketers, beating the drum, "Come and see us, look how great we are," creating urgency, "Look how wonderful it is." And then it is, "Hold that thought, we'll get back to you." And so our approach to this has been that the dark zone makes no sense. It doesn't impact the theatrical experience, it doesn't at all speak to the needs of the customer. So our approach has been to look at bringing the windows forward in a variable way. That's going to give us some ability to experiment and to explore and find the sweet spot and also to be true to what we really believe. It's not lip service. The theatrical experience is critically important to the success of our business.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Right. So it sets the stage, just kind of a value, but can you -- let's try and get a little more specific, if possible. What do you think -- how large is that addressable market for premium video on demand? And what are you thinking in terms of timing? What are you thinking in terms of pricing? Did the exhibitors participate or not participate? Like how did the economics break down in this (inaudible)?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

In terms of how I would assess success, it's not a secret to you or to the people in this room that the home entertainment market has dipped and that the digital has not kept up with the erosion of physical. And so even to make up that difference, which would be billions of dollars, would be a significant enhancement to our bottom line. That's number one. And number two, as we get comfortable with it, we'll able to test a theory that no one can tell you if it's right or wrong, true or false, which is that there is a brand-new consumer. Not just an earlier home entertainment consumer, but someone that will buy movies earlier in the window, much earlier and also go to films once in a while. It's the way you go to Postmates. You've not forsaken restaurants, I would imagine. But there are times where you just want to eat at home. And so in the same way, as we get comfortable with this new product, we'll be able to test whether or not in addition to more eager home entertainment consumers that we believe we'll capture, we'll also be able to capture people that just can't get to the film but are keenly interested in what we make.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

What's the timing? When will it happen? We were talking about this for a year.

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

I know. It is herding cats. We can't talk to each other for real.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

It's (inaudible).

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Yes. I think it is within the next 6 to 12 months, I really do. I think that there's factors beyond our control, certain companies that are undergoing changes and shifts in their composition that prevent a group from signing on tomorrow. But the conversations are mature. They're starting to coalesce around a concept. And the price is less than $50. And more than that, I don't feel like it's appropriate for me to say. But I can say that the conversations, even though we can't speak to one another, are starting to coalesce and build consensus.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Okay. And then sort of different part of the -- like not PVOD but something else. Do you view movie passes, discounted price of $9.95 per month for access to one movie a day in theaters as a threat? Is it an opportunity?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

I don't understand it really. To be honest, it seems like a wacky business model to me. It doesn't affect us, it affects the exhibitors. But it does concern me, this idea of commoditizing film prices and the film experience. And if it doesn't work and consumers get used to this, and then feel sticker shock that we're not prepared to give them the same à la carte price, that I suppose is concerning. To be honest, Jess, it doesn't seem to affect our business right now that much. And we've got bigger fish to fry.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Right. And then let's just talk about the kind of the box office overall. This has not been a good year for the industry so far. And it doesn't seem like a lot of visibility until later in the fourth quarter. Do you think there's -- is it a secular change? Is it just a function of the slate? What is going on in general in the U.S. movie business?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Well, I think this summer particularly, when you dive deep into it, there's an interesting, and I don't think it's a distracting statistic, which is that the family business, the animation business, was off ginormously. Last summer, we had Dory, we didn't, the industry. The industry had Dory and Secret Life of Pets. And the big family hits this summer were Cars and the third or fourth Despicable Me. And there was literally like a $550 million swing between the global results of those 4 films. So some of it was slate-driven. But I -- look, I want know the bad news. I don't want people to blow smoke or I certainly don't want to blow smoke to myself. And so that the slate -- that I could say that it's a slate issue is not enough. Because what the slates by all the studios offered were repeats of other movies. The sequel fatigue is real. And with that, I believe, comes cynicism. And that's the part that you can't measure, but you can counter. And if you take it seriously and say, "You know what, what happens when we offer Ice Age 5? We get crushed. What happens when we offer an extension of the X-Men universe called Deadpool? We win. What happens when we find a different way to tell a Wolverine story, which is deeper, darker, R-rated, more melancholic and it's called Logan?" And that was -- that might not seem like the biggest leap of faith to take. But I promise you that when you're spending a couple hundred million dollars on making and releasing a movie, not having a PG-13 title, not identifying it by its brand, changing its tone is a big deal. And so in order for the depression in the moviegoing not to become systemic, then it's incumbent upon everyone in the industry to think hard about how to be essential.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

All right. Just slate issues aside, and that was a great answer. But the slate issues aside, is there anything else the industry can do to make sure that the theatrical window, which is so critical in setting the value -- is there anything the industry can do to ensure that out-of-home experience for consumers remains economically attractive or that it remains attractive for consumers so that it makes sense for studios and exhibitors alike? Is there anything else the industry is thinking about doing?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Yes, I think that we have to be willing to mix it up and surprise people in terms of the offering. For example, there's a series of movies that we are developing. They're not ready for production yet. But we bought a popular series called the Fear Street series. And it involves a series of mysterious events in a small town in New England over different time periods. And one of my colleagues in Emma's group pitched the idea of making and releasing 3 connecting films within 1 month to 6 weeks of each other so that we really have not cliffhanger endings, they will be complete films unto themselves, but there will be connective tissue between them. And our attitude was, again speaking to this idea of embracing innovation, "Hey, let's give it a whirl." So I think making what we can make more exciting and surprising for the audience will support the theatrical experience. The other thing we can do is evangelicalize to our partners in exhibition the need to make the experience better and more convenient. It's more than just premium seats. And I can imagine many things that would make theatergoing easier, crowdsourcing screens and knowing that around the country, you could at least reserve your ticket. I take that for granted. I go to the same theater on Sundays, almost every Sunday and I've got my F13, where I can put my feet up on the bar in front of me and I valet park, which is convenient. And I valet park at Gelson's. And I thought, "Wow, what if someone could market for me? What if I could send in my grocery list and it would be there?" Like there's lots of ways that theater owners can innovate and make the experience better and in growth areas. My colleague, Andrew Cripps, recently returned from a Southeast Asia trip and brought us home movies of his experiences in theaters in Korea. And they're the places you want to be. If they don't -- it's not just if you want to see a movie, you will go, stand in line, pay a ticket, go get concessions, get your seat. These are entertainment centers that happen to also show films. And many of us in the industry have been extolling our partners in exhibition to invest. And I hope they do.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Interesting. So let's segue to the international box office. What are your thoughts on international? We've had huge growth over the years, whether it's Russia, China. I mean, where do you see now the most potential? What markets are you guys focused on?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Well, we're still focused on those markets where you see the biggest growth, Russia, Latin America. China, we're really heartened, as I said, to see that, that market is back strongly and also show so much incredible potential for growth. When you think about the amount of people and the amount of screens, it's still in its infancy in many ways. In terms of areas for growth, Southeast Asia seems to be an opportunity. We're doing our first Indonesian film. There's an incredible film-going population there. There's a big film-going population in Vietnam. And Korea has been very good to us in terms of the films that we've released there. So Southeast Asia seems like a place for us to put some dough.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

That's a new one. Okay, so then going back to Fox specifically, what can you tell us? What are you excited about for 2018 and '19? And when are the Avatar sequels coming?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

I'll start with that. The Avatar sequels are coming '20 and '21. And I forgot if we are announced more than that. I was supposed to email Dan. But we are -- there are multiple films underway. And the first 2, I know, have been dated. And they're working. They are shooting and they are working. And they're slated and dated '20 and '21. And it is -- it's just a bucket list experience to be in proximity to Jim Cameron and Jon Landau watching them make these movies. And it's -- even when you see the artwork or read the scripts, you leave Southern California, you go on a trip. So that is really exciting. And it's actually happening. In terms of future films that I'm excited about, again I'm excited and proud about the fact that we have -- we're making more Marvel movies than ever before, but they're all wildly different. So New Mutants is part of the X-Men universe. And it's teenagers in a horror film. And we're leaning into the genres that best support the stories, and we're welcoming filmmakers to tell the stories that they want to tell. There's no cookie-cutter approach to it. There's no war room that they have to gain access to in order to make a film for us. So New Mutants is a teen horror film. Deadpool 2, of course, is just an irreverent Ryan -- exciting, irreverent film. Dark Phoenix is the extension of the main Marvel Universe. But it's featuring, for the first time, a female protagonist, Sophie Turner plays Jean Grey, who is lovely and kindly and takes care of the kids at the Mansion but also has a dark side within her that manifests in the form of Dark Phoenix. So we are supporting the tentpole franchise Marvel Universe, but we're doing it in ways where we can zig and not follow a conformist path. We also have a lot of great filmmaker films that offer original offerings. Because as I said, I believe that people get tired, not only tired of the same diet, but that's what creates this feeling of cynicism. That's what creates a feeling, I think, in the audience that it's a land grab, a money grab. And so the filmmaker films we're making start with Ken Branagh has got Murder on the Orient Express. We've got Steven Spielberg directing Tom Hanks and Meryl Streep at Christmas time, a really a great story; Guillermo del Toro's The Shape of Water; Wes Anderson; Jim Mangold; Drew Goddard. So those are all original films that have what we believe is enough heft, creativity and cinematic urgency to compel people to say, "You know what, I'm going to go out and see it." We have Showman at Christmastime, which I'm really excited about, with Hugh Jackman. So we are again looking for that variety. And then I mentioned that Fox Searchlight movies. And Fox 2000 has a smaller film this spring that's called -- right now, I'm pretty sure we've confirmed the title as [Love Simon]. And it's one of those that feels like it can, like she did with Hidden Figures, to be a little engine that could. People are flipping out over this small movie. Greg Berlanti directed it. So I believe in the variety, I love the variety. And it's a combination of brands and great filmmakers.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

All right. A little time and a lot of questions. So keeping production and marketing costs in check is a big part of running a profitable studio. And Fox has always excelled in that. How do you compare right now in terms of budgets for production and marketing? And then like digging deep -- well, let's just start with that, then I'll go to marketing.

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

I don't know what the other -- every -- I don't know what the other studios spend. There's round numbers. But we're in the middle. When I look at what our -- I can certainly get comp information when it comes to the Marvel films. And we're $50 million to $75 million less than what they're spending. We're not spending what they're spending on the Star Wars movies. And then I have to add an asterisk, which is Avatar. Avatar is, and that's all I'm going to say. Avatar is spending on the high end of it. All the others, we don't. What I love about something like New Mutants, for example, is it'll, I think, be presented and received as a really wonderful entry in the Marvel Universe, but it's well under $100 million. It's a niche film. Deadpool was -- the first Deadpool was $65 million. So we're really, really careful about cost. In terms of marketing, I also think we're somewhere in the middle. There's certain fixed cost that you can't avoid. But what I'm optimistic about is the results we're already seeing from the [DMP] project that if we can be more efficient and less scattershot in our approach and identify an audience and speak to them and not just speak to them generally but speak to them in ways that will motivate them to not just follow and share but buy tickets, we will be able to bring our cost down.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Right. And so marketing, as you alluded to, can often be like very wasteful, but it's very necessary. So given large amount of media fragmentation that's occurred just overall in the industry, the viewing habits, do you -- are you shifting your marketing? Like where you are spending significantly? And if so, how?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

It depends on each film. I'm sure that when Steven's film, The Post, comes out, it will look like conventional targeting. You'll see it on shows that people still watch. And when it comes to other movies, we're, like everyone else, targeting our audience digitally where they're spending time.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Right. So there's been a lot of talk about the golden age of television. But that's driven a lot of Hollywood stars into the TV business. How has that impacted your talent cost, if at all?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

It hasn't. The migration from talent to TV hasn't affected the cost. We've been looking at our cost structure aggressively for many years and especially in the last year. Look, Fox again it's part of its DNA and culture to be very fiscally minded. And so it's a discipline that I stepped into and it's a discipline that I have adopted. The reason that we are constantly reviewing our cost has less to do with the migration of talent to television and more to do with the feast or famine results of the marketplace. There's no hammock of habitual moviegoing anymore. There's a winner on a weekend and then there's a loser. I would call it roadkill. And it used to be that you could manage to and market to a level. You could manage to a level. So you might not be a winner, but you could claw your way to breakeven. And now there isn't. Now there's too many choices and too much information. And there tends to be a consensus choice every weekend, every season. And because of that, this idea that there's -- your last quote should be applied to this movie doesn't really make any sense. It's like what are the prospects of this movie? What's the risk profile of this movie? And what's our appetite for risk?

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

All right. I'm going to try squeeze 2 more questions in.

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Okay, I'll speak really fast.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

I mean, so Disney made a fairly bold move in reclaiming its pay-TV rights from Netflix to launch their direct-to-consumer offering, which is coming in 2019 for the Disney DTC. How do you think about the market opportunity for a product like this? And will the rest of the industry need to follow suit? Or do you see it as a one-off opportunity unique because it's Disney?

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

My understanding is that the industry is already following suit. The networks are all engaged in OTT offerings. And all of us will at some point be offering our product direct-to-consumer, which is why the advantages of the FANG companies, I think, really needs to be assessed. Because there's certain advantages that some have because they sell so many other things that you just spend a lot of time there. But something like Netflix, I don't understand -- except for the time advantage that they had in creating this market and brand awareness, I don't understand or don't see that preeminence and dominance being protectable forever.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Now one last question. What can you tell us about Fox's opportunity in ancillary areas, like consumer products, location-based entertainment, gaming, et cetera? Is there any -- you kind of mentioned that in terms of monetization, like the answer to the first question.

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Yes. Well, look, we have invested in rebuilding some of the divisions that went a bit fallow, to be honest, consumer products. We're making a big, big talent and money investment in animation, which throws off ancillary businesses. There's no -- I don't mean to sound cynical. I want our films to be wonderful and original and ambitious, our family films. But there's no reason to not -- to make them and not also make things for kids to take home. Those characters make deep connections. And so if we believe in the family market, which we do. It was part of the motivation for the Russo Brothers deal, not the entire motivation, but we intend to make a lot of family films with them. We're doubling down at Blue Sky. We are adding and augmenting our animation product with third-party product. And the complement to that is to build consumer products, build TV animation, build games and enable fans to touch these characters 12 months a year and in all different forms and formats. So it's a big initiative.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Right. With that, we're out of time. Thank you so much, Stacey.

Stacey Snider - *Twenty-First Century Fox, Inc. - Chairman & CEO of 20th Century Fox Film*

Okay, thank you.
