

Risk Factors Comparison 2024-08-08 to 2023-08-11 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Prospective investors should consider carefully the risk factors set forth below before making an investment in the Company's securities. Risks Related to Macroeconomic Conditions, Our Business and Our Industry Changes in consumer behavior and evolving technologies and distribution platforms continue to challenge existing business models and may adversely affect the Company's business, financial condition or results of operations. The ways in which consumers view content and technology and business models in our industry continue to rapidly evolve ~~and new~~. **New** distribution platforms and increased competition from new entrants and emerging technologies have added to the complexity of maintaining predictable revenue streams. Technological advancements have driven changes in consumer behavior as consumers now have more control over when, where and how they consume content and have increased advertisers' options for reaching their target audiences. Consumer preferences have evolved ~~towards~~ **toward** SVOD and **AVOD and FAST** services and other direct- to- consumer offerings ~~;~~. **An increasing number of FAST services and their SVOD services that have introduced advertising-supported tiers has intensified competition for digital** ~~been a substantial increase in the availability of content with reduced advertising or without advertising at all and may continue to do so in the future~~. In addition, the increasing use of time- shifting and advertising-skipping technologies ~~such as DVRs~~ that enable viewers to fast- forward or circumvent advertisements impacts the attractiveness of the Company's programming to advertisers and may adversely affect ~~our its~~ advertising revenues ~~.~~ **Other new technological developments, including the development and use of generative AI in our industry, are rapidly evolving, and the advantages and risks associated with its use are largely uncertain**. Changes in consumer behavior and technology have also had an adverse impact on MVPDs that deliver the Company's broadcast and cable networks to consumers. Consumers are increasingly turning to ~~lower-cost alternatives, including~~ direct- to- consumer offerings, which has contributed to industry-wide declines in subscribers to MVPD services over the last several years. These declines are expected to continue and possibly accelerate in the future. If consumers increasingly favor alternative offerings over MVPD subscriptions, the Company may continue to experience a decline in viewership and ~~ultimately~~ demand for the programming on its networks ~~.~~ **The Company's ; which could lead to lower affiliate fee and advertising revenues have been negatively impacted by these trends, and these negative effects could continue and accelerate in the future**. Changing distribution models may also negatively impact the Company's ability to negotiate affiliation agreements on favorable terms, which could have an adverse effect on ~~our its~~ business, financial condition or results of operations. Our affiliate fee and advertising revenues also may be adversely affected by consumers' use of antennas (and their integration with set- top boxes or other consumer devices) to access broadcast signals to avoid subscriptions. To remain competitive in this evolving environment, the Company must effectively anticipate and adapt to new market changes. The Company continues to focus on investing in and expanding its digital distribution offerings and direct engagement with consumers, including through Tubi, FOX Nation, FOX Weather and other offerings **such as the Venu Sports streaming service expected to launch in the fall of 2024**. However, if the Company fails to **effectively** protect and exploit the value of its content while responding to, and developing new ~~technology~~ **technologies** and business models to take advantage of, technological developments and consumer preferences, it could have a significant adverse effect on the Company's business, financial condition or results of operations. ~~Declines in advertising expenditures could cause the Company's revenues and operating results to decline significantly in any given period or in specific markets.~~ **Declines in advertising expenditures have caused, and could continue to generate cause, the Company's revenues and operating results to decline significantly in any given period or in specific markets.** ~~FOX's advertising revenues depends on a number of~~ **have been, and may continue to be, adversely affected by factors such as advertising market conditions, changes in consumer behavior, and deficiencies in audience measurement, and they vary substantially due to cyclical sports events and elections**. The strength of the advertising market can fluctuate in response to the economic prospects of specific advertisers or industries, advertisers' spending priorities and the economy in general or the economy of an individual geographic market. In addition, pandemics ~~(such as the COVID-19 pandemic)~~ and other widespread health emergencies, natural and other disasters, acts of terrorism, wars, and political uncertainties and hostilities can also lead to a reduction in advertising expenditures as a result of economic uncertainty, disruptions in programming ~~and services~~ (in particular live event programming) or reduced advertising spots due to pre- emptions. ~~For example, during the COVID-19 pandemic some of the Company's advertisers reduced their spending, which had a negative impact on the Company's advertising revenues, and similar events that adversely affect the Company's advertising revenues could occur again in the future.~~ Major sports events, such as the NFL ~~'s~~ Super Bowl and the FIFA World Cup and the state, congressional and presidential election cycles also may cause the Company's advertising revenues to vary substantially from year to year. Political advertising expenditures are impacted by the ability and willingness of candidates and political action campaigns to raise and spend funds on advertising and the competitive nature of the elections affecting viewers in markets featuring our programming. ~~Advertising expenditures may~~ **As described above, technological changes and the evolution of consumer preferences toward direct- to- consumer offerings has intensified audience fragmentation and reduced viewership through traditional linear distribution models, which has caused ratings and viewership declines for television networks, including ours. These changes have also given rise to new ways** ~~be affected by changes in consumer behavior and evolving technologies and platforms. There is increasing competition for the leisure time of~~ **purchasing** audiences and demand for the Company's programming as measured by ratings points is a key factor in determining the advertising rates ~~,~~ as well as **a general shift in** the affiliate rates the Company receives. In addition, as described above, newer technologies and

platforms are increasing the number of media and entertainment choices available to audiences, changing the ways viewers enjoy content and enabling them to avoid advertisements. These changes could negatively affect the attractiveness of the Company's offerings to advertisers. The pricing and volume of advertising expenditures may also be affected by shifts in spending away from traditional media and toward digital and mobile offerings, some of which can deliver targeted advertising more promptly, or toward newer ways of purchasing advertising such as through automated purchasing, dynamic advertising insertion and third parties selling local advertising spots and advertising exchanges. These new methods may not be as beneficial to us the Company as traditional advertising methods. **In addition, a number of SVOD services with large subscriber bases and household penetration have introduced advertising supported tiers and there is an increasing number of AVOD services and FAST products available to consumers.** The Company also generates **resulting increase in the amount of digital advertising available in the marketplace has intensified, and may continue to intensify, competition for viewers and advertising. There can be no assurance that we can successfully navigate the evolving digital advertising market or that the digital** advertising revenues through its Tubi AVOD service. The market for AVOD advertising campaigns is relatively new and evolving and if this market develops slower or differently than we **generate will offset the declines in** expect, it could adversely affect our advertising revenues **generated**. Declines in advertising revenues may also be caused by regulatory intervention or **our traditional linear networks** other third-party action that impacts where and when advertising may be placed. Advertising sales also largely depend on audience measurement and could be negatively affected if measurement methodologies do not accurately reflect actual viewership levels. Although Nielsen's statistical sampling method is the primary measurement methodology used for our linear television advertising sales, we measure and monetize our digital platforms based on a combination of internal and third-party data, including demographic composite estimates. **A The industry is transitioning to a multiplatform measurement environment in an effort to more completely measure viewership and advertising across linear and digital platforms, but has not yet established a** consistent, broadly accepted measure of multiplatform audiences **across the industry remains to be developed**. Although we expect multiplatform measurement innovation and standards to benefit us as the video-advertising market continues to evolve, we are still partially dependent on third parties to provide these solutions. **Declines** A decrease in advertising expenditures, **reduced demand revenues may also be caused by regulatory intervention for or the other third-party action** Company's programming or the inability to obtain market ratings that adequately measure demand for the Company's content **impacts where and when advertising may be placed. If negative impacts** on all platforms could lead to a reduction in pricing and advertising spending **revenues continue or accelerate**, which they could have a material adverse effect on the Company's business, financial condition or results of operations. Because the Company derives a significant portion of its revenues from a limited number of distributors, the failure to enter into or renew affiliation and carriage agreements on favorable terms, or at all, could have a material adverse effect on the Company's business, financial condition or results of operations. The Company depends on affiliation and carriage arrangements that enable it to reach a large percentage of households through MVPDs and third party-owned television stations. **There can be no assurance that these agreements will be renewed in the future, or renewed on favorable terms, including terms related to pricing, programming tiers and bundles, and the types of rights we grant distributors.** The inability to enter into or renew MVPD arrangements on favorable terms, or at all, or the loss of carriage on MVPDs's basic programming tiers could reduce the distribution of the Company's owned and operated television stations and broadcast and cable networks, which could adversely affect the Company's revenues from affiliate fees and its ability to sell national and local advertising time. The loss of favorable MVPD packaging, positioning, pricing or other marketing opportunities could also negatively impact the Company's revenues from affiliate fees. **These risks are exacerbated by consolidation** Consolidation among traditional MVPDs, their increased vertical integration into the cable or broadcast network business and/or their use of alternative technologies to offer their subscribers access to local broadcast network programming **could increase their**, which have provided traditional MVPDs with greater negotiating leverage. Competitive pressures faced by MVPDs, particularly in light of evolving consumer viewing patterns and distribution models, could adversely affect the terms of our contract renewals with MVPDs. In addition, **if our strategic initiatives could negatively impact our ability to renew our MVPD agreements on terms that are favorable to all our networks. If** the Company and an MVPD reach an impasse in contract renewal negotiations, the Company's networks and owned and operated television stations could become unavailable to the MVPD's subscribers (i. e., "go dark"), which, depending on the length of time and the size of the MVPD, could have a negative impact on the Company's revenues from affiliate fees and advertising. The Company also depends on the maintenance of affiliation agreements and license agreements with third party-owned television stations to distribute the FOX Network and MyNetworkTV in markets where the Company does not own television stations. Consolidation among television station group owners could increase their negotiating leverage and reduce the number of available distribution partners. There can be no assurance that these affiliation and license agreements will be renewed in the future on terms favorable to the Company, or at all. The inability to enter into affiliation or licensing arrangements with third-party owned television stations on favorable terms could reduce distribution of the FOX Network and MyNetworkTV and the inability to enter into such affiliation or licensing arrangements for the FOX Network on favorable terms could adversely affect the Company's affiliate fee revenues and its ability to sell national advertising time. In addition, the Company has arrangements through which it makes its content available for viewing through third-party online video platforms. If these arrangements are not renewed on favorable or commercially reasonable terms or at all, it could adversely affect the Company's revenues and results of operations. If the number of subscribers to MVPD services continues to decline or such declines accelerate, the Company's affiliate fee and advertising revenues could be negatively affected. As described above, changes in technology and consumer behavior have contributed to industry-wide declines in the number of subscribers to MVPD services, which have had a negative impact on the number of subscribers to the Company's networks. These industry-wide subscriber declines are expected to continue and possibly accelerate in the future. The majority of the Company's affiliation agreements with MVPDs are multi-

year contracts that provide for payments to the Company that are based in part on the number of MVPD subscribers covered by the agreement. If declines in the number of MVPD subscribers are not fully offset by affiliate rate increases, the Company's affiliate fee revenues will be negatively affected. Because MVPD subscriber losses could also decrease the potential audience for the Company's networks, which is a critical factor affecting both the pricing and volume of advertising, future MVPD subscriber declines could also adversely impact the Company's advertising revenues. The Company is exposed to risks associated with weak economic conditions and increased volatility and disruption in the financial markets. Prevailing economic conditions and the state of the financial markets affect various aspects of our business. In recent years, the U. S. economy has experienced a period of weakness and the financial markets have experienced significant volatility as a result of **factors including declines in consumer confidence, concerns regarding high inflation, uncertainty about economic stability and political and sociopolitical uncertainties and conflicts, declining economic growth, diminished availability of credit and the COVID- 19 pandemic**, declining economic growth, diminished availability of credit, declines in consumer confidence, concerns regarding high inflation, uncertainty about economic stability and political and sociopolitical uncertainties and conflicts. Additional factors that have affected economic conditions and the financial markets include higher interest rates, global supply chain disruptions, unemployment rates, changes in consumer spending habits and potential changes in trade relationships between the U. S. and other countries. Weak economic conditions have had and may continue to have an adverse impact on the Company's business, financial condition and results of operations. For example, reduced advertising expenditures due to a weak economy can negatively impact our advertising revenues, as described above, and increasing inflation raises our labor and other costs required to operate our business. Increased volatility and weakness in the financial markets, the further tightening of credit markets or a decrease in our debt ratings assigned by ratings agencies could adversely affect our ability to cost-effectively refinance outstanding indebtedness or obtain new financing. The Company also faces risks associated with the impact of weak economic conditions and disruption in the financial markets on third parties with which the Company does business, including advertisers, affiliates, suppliers, wholesale distributors, retailers, lenders, insurers, vendors, retailers, banks and others. 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. There can be no assurance that further-weakening of economic conditions or volatility or disruption in the financial markets will not occur. If they do, it could have a material adverse impact on the Company's business, financial condition or results of operations. The Company operates in a highly competitive industry. The Company competes with other companies for high-quality content to reach large audiences and generate advertising revenue. The Company also competes for advertisers' expenditures and distribution on MVPDs 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 programming and adapt to new technologies and distribution platforms, which are increasing the number of content choices available to audiences. Consolidation, **partnerships and other alliances** among our competitors and other industry participants **has have** increased, and may continue to do so, further intensifying competitive pressures. Our competitors include companies with interests in multiple media businesses that are often vertically integrated, as well as companies in adjacent sectors with significant financial, marketing and other resources, greater efficiencies of scale, fewer regulatory burdens and more competitive pricing. These competitors could also have preferential access to **competitive information, including customer data, or** important technologies, such as those that use **AI. Emerging technologies artificial intelligence or competitive information**, including **customer data. Our AI, are evolving rapidly and our ability to compete could be adversely affected if our** competitors **gain an advantage by using them. Although the Company** may also **enter seek to responsibly incorporate AI** into **business combinations or partnerships the development of new and existing products and services to enhance their value to viewers and advertisers, there can be no assurance** that **strengthen their competitive position these efforts will be successful**. Competition for audiences and ~~or~~ advertising comes from a variety of sources, including broadcast television networks; cable television systems and networks; direct-to-consumer streaming and on-demand platforms and services; mobile, gaming and social media platforms; audio programming; and print and other media. Other television stations or cable networks may change their formats or programming, a new station or ~~new~~ network may adopt a format to compete directly with the Company's stations or networks, or stations or networks might engage in aggressive promotional campaigns. In addition, **an the** increasing number of SVOD services with advertising-supported offerings **may**, **AVOD services and FAST products has intensify intensified** competition for audiences and ~~or~~ advertising **and may continue to do so in the future**. 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 future value of the rights we acquire or retain cannot be predicted with certainty. There can be no assurance that the Company will be able to compete successfully in the future against existing or potential competitors or that competition in the marketplace will not have a material adverse effect on its business, financial condition or results of operations. Acceptance of the Company's content by the public is difficult to predict, which could lead to fluctuations in or adverse impacts on revenues. Programming distribution is a speculative business since the revenues derived from the distribution of content depend primarily on its acceptance by the public, which is difficult to predict. Low public acceptance of the Company's content will adversely affect the Company's results of operations. The commercial success of our programming also depends on the quality and acceptance of other competing programming, the growing number of alternative forms of entertainment and leisure 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. Moreover, we must often invest substantial amounts in programming and the acquisition of sports rights before we learn the extent to which the content will earn consumer acceptance and, as described below, competition for popular content, particularly sports and entertainment programming, is intense. A decline in the ratings or popularity of the Company's entertainment, news or sports programming or the Company's failure to obtain or retain rights to popular content could adversely affect the Company's

advertising revenues in the near term and, over a longer period of time, its affiliate fee revenues. Our business depends on the popularity of special sports events and the continued popularity of the sports leagues and teams for which we have programming rights. Our sports business depends on the popularity and success of the sports franchises, leagues and teams for which we have acquired broadcast and cable network programming rights. If a sports league declines in popularity or fails to generate fan enthusiasm, this may negatively impact viewership and advertising and affiliate fee revenues received in connection with our sports programming. Our operating results may be impacted in part by special events, such as the NFL's Super Bowl, which is broadcast on the FOX Network on a rotating basis with other networks, the MLB's World Series and the FIFA World Cup, which occurs every four years (for each of women and men), and other regular and post-season sports events that air on our broadcast television and cable networks. Our advertising and affiliate fee revenues are subject to fluctuations based on the dates of sports events and their availability for viewing on our broadcast television and cable networks and the popularity of the competing teams. For example, any decrease in the number of post-season games played in a sports league for which we have acquired broadcast programming rights, or the participation of a smaller-market sports franchise in post-season competition could result in lower advertising revenues for the Company. There can be no assurance that any sports league will continue to generate fan enthusiasm or provide the expected number of regular and post-season games for advertisers and customers, and the failure to do so could result in a material adverse effect on our business, financial condition or results of operations. ~~In prior years, a significant number of live sports events were cancelled or postponed due to the COVID-19 pandemic, which adversely affected our revenues and results of operations.~~ A shortfall in the expected popularity of the sports events for which the Company has acquired rights or in the volume of sports programming the Company expects to distribute could adversely affect the Company's advertising revenues in the near term and, over a longer period of time, its affiliate fee revenues. The inability to renew programming rights, particularly sports programming rights, on sufficiently favorable terms, or at all, could cause the Company's advertising and affiliate fee revenues to decline significantly in any given period or in specific markets. We enter into long-term contracts for both the acquisition and distribution of media programming and products, including contracts for the acquisition of programming rights for sports events and other content, and contracts for the distribution of our programming to content distributors. Programming rights agreements, retransmission consent agreements, carriage contracts and affiliation agreements have varying durations and renewal terms that are subject to negotiation with other parties, the outcome of which is unpredictable. The negotiation of programming rights agreements for popular licensed programming, and popular licensed sports programming in particular, is complicated by the intensity of competition for these rights. **An increasing number of companies bidding for sports programming in recent years has also driven increases in the cost of such programming.** Moreover, the value of these agreements may be negatively affected by factors outside of our control, such as league agreements and decisions to alter the number, frequency and timing of regular and post-season games played during a season. We may be unable to renew existing, or enter into new, programming rights agreements on terms that are favorable to us and we may be outbid by third parties and therefore unable to obtain the rights at all. The loss of rights or renewal on less favorable terms could negatively impact the quality or quantity of our programming, in particular our sports programming, and could adversely affect our advertising and affiliate fee revenues. These revenues could also be negatively impacted if we do not obtain exclusive rights to the programming we distribute. Our results of operations and cash flows over the term of a sports programming agreement depend on a number of factors, including the strength of the advertising market, our audience size, the timing and amount of our rights payments and our ability to secure distribution from and impose surcharges or obtain carriage on MVPDs for the content. If escalations in programming rights costs (together with our production and distribution costs) are not offset by increases in advertising and affiliate fee revenues, our results of operations could be adversely affected. Damage to our brands, particularly the FOX brand, or our reputation could have a material adverse effect on our business, financial condition or results of operations. Our brands, particularly the FOX brand, are among our most valuable assets. We believe that our brand image, awareness and reputation strengthen our relationship with consumers and contribute significantly to the success of our business. Maintaining, enhancing and extending our brands may require us to make significant investments in marketing, programming or new products, services or events, and these investments may not be successful. We may introduce new programming that is not popular with our consumers and advertisers, which may negatively affect our brands. To the extent our content, in particular our live news and sports programming and primetime entertainment programming, is not compelling to consumers, our ability to maintain a positive reputation may be adversely impacted. The Company's brands, credibility and reputation **have been impacted from time to time, and** could be damaged **in the future,** by incidents that erode consumer, advertiser or business partner trust or a perception that the Company's offerings, including its journalism, programming and other content, are low quality, unreliable or fail to attract and retain audiences. **The manipulation of content by bad actors, including the creation of "deep fakes" (videos created with AI to realistically impersonate persons such as journalists or political candidates), could erode audience trust by making it difficult to determine what is real. Additionally,** ~~Litigation~~ **litigation,** governmental scrutiny and fines and significant negative claims or publicity regarding the Company or its operations, content, products, management, employees, practices, advertisers, business partners and culture, including individuals associated with content we create or license, **impact our reputation and** may damage the Company's reputation and brands, even if meritless or untrue. Furthermore, to the extent our marketing, **cybersecurity,** customer service and public relations efforts are not effective or result in negative consumer reaction, our ability to maintain a positive reputation may likewise be adversely impacted. If we are not successful in maintaining or enhancing the image or awareness of our brands, or if our reputation is harmed for any reason, it could have a material adverse effect on our business, financial condition or results of operations. ~~Our Acquisitions,~~ **investments in new businesses, products, services and technologies through acquisitions and other strategic investments initiatives** present many risks, and we may not realize the financial and strategic goals we had contemplated, which could adversely affect our business, financial condition or results of operations. We have acquired and invested in, and expect to continue acquiring and investing in, new businesses, products, services ~~and,~~ **technologies that and other strategic initiatives to**

complement, enhance or expand our current businesses or otherwise offer us growth opportunities. Such acquisitions and ~~strategic~~ investments may involve significant risks and uncertainties, including insufficient revenues from an investment to offset any new liabilities assumed and expenses associated with ~~it~~ the investment; a failure of the investment or acquired business to perform as expected, meet financial projections or, achieve strategic goals ~~or~~; a failure to further develop an acquired business, product, service or technology; unidentified issues not discovered in our due diligence that could cause us to not realize anticipated benefits or to incur unanticipated liabilities; difficulties in integrating the operations, personnel, technologies and systems of acquired businesses; the potential loss of key employees or customers of acquired businesses; the diversion of management attention from current operations; and ~~compliance~~ legal and regulatory limitations. **Additionally, strategic initiatives may cause potential disruption to our business and operations or unanticipated challenges to or loss of our relationships with new regulatory regimes or existing advertisers, distributors, viewers, and others with whom we do business; and delays in or the cancellation of announced transactions may occur.** Because acquisitions and, investments and strategic initiatives are inherently risky and their anticipated benefits or value may not materialize, ~~they~~ our acquisitions and investments may adversely affect our business, financial condition or results of operations. The loss of key personnel, including talent, could disrupt the management or operations of the Company's business and adversely affect its revenues. The Company's business depends on the continued efforts, and abilities and expertise of its Chair K. Rupert Murdoch and Executive Chair and Chief Executive Officer Lachlan K. Murdoch, and other key employees and personnel, including news, sports and entertainment personalities. **The loss of such personnel could disrupt the** Although we maintain long-term and emergency transition plans for key management personnel, we believe that our ~~or~~ executive officers **operations of the Company's business** unique combination of skills and experience would be difficult to replace and their loss could have a material adverse ~~adversely~~ effect ~~affect~~ on the Company, including the impairment of its ~~revenues~~ ability to successfully execute its business strategy. ~~The~~ Additionally, the Company employs or independently contracts with several news, sports and entertainment personalities who are featured on programming the Company offers. News, sports and entertainment personalities sometimes have a significant impact on the ranking of a cable network or station and its ability to attract and retain an audience and sell advertising. There can be no assurance that our news, sports and entertainment personalities will remain with us or retain their current appeal, that the costs associated with retaining current talent and hiring new talent will be favorable or acceptable to us, or that new talent will be as successful as their predecessors. Any of the foregoing could adversely affect the Company's business, financial condition or results of operations. Labor disputes may disrupt our operations and adversely affect the Company's business, financial condition or results of operations. In a variety of the Company's businesses, the Company and its partners engage the services of writers, directors, actors, musicians and other creative talent, production crew members, trade and craft employees and others whose services are subject to collective bargaining agreements. Certain of these are industry-wide agreements, and the Company lacks practical influence with respect to the negotiation ~~negotiated~~ and terms by the Alliance of Motion Picture and Television Producers (the "AMPTP") of which the Company is a non-voting member. **The Company is bound by and enjoys the benefits of AMPTP-negotiated** collective bargaining agreements. The writers guild ("WGA"), but is not directly involved screen actors guild ("SAG-AFTRA") and directors guild ("DGA") collective bargaining agreements expired in ~~negotiating~~ 2023. The WGA members went on strike in May 2023 and the ~~them~~ SAG-AFTRA members went on strike in July 2023. In June 2023, the DGA announced that it had reached a tentative agreement with the Association of Motion Picture and Television Producers, which negotiates with the guilds on behalf of content producers. When negotiations to renew collective bargaining agreements are not successful or become unproductive, strikes, work stoppages or lockouts have occurred, such as the **Writers Guild of America West (or WGA)** and **Screen Actors Guild – American Federation of Television and Radio Artists (or SAG-AFTRA)** strikes in the Spring and Summer of 2023. **Additional**, and further strikes, work stoppages or lockouts could occur in the future. Such events have caused, and may ~~continue to in the future~~ cause, delays in production and may lead to higher costs in connection with new collective bargaining agreements, which could reduce profit margins and could, over the long term, have an adverse effect on the Company's business, financial condition or results of operations. In addition, our broadcast television and cable networks have programming rights agreements of varying scope and duration with various sports leagues to broadcast and produce sports events, including certain college football and basketball, NFL and MLB games. Any labor disputes that occur in any sports league for which we have the rights to broadcast live games or events may preclude us from airing or otherwise distributing scheduled games or events, resulting in decreased revenues, which could adversely affect our business, financial condition or results of operations. The Company could suffer losses due to asset impairment charges for goodwill, intangible assets, programming and other assets and investments. 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 our programming could lead to a downward revision in the fair value of certain reporting units. **The Company holds investments in marketable and non-marketable equity securities. These investments are recorded either at fair value and measured on a recurring basis based on quoted prices in active markets or on a non-recurring basis whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.** A downward revision in the fair value of a reporting unit, indefinite-lived intangible assets, programming rights, investments or long-lived assets could result in a non-cash impairment charge. Any such charge could be material to the Company's reported net earnings **in a given reporting period**. Risks Relating to Cybersecurity, Piracy, Privacy and Data Protection The degradation, failure or misuse of the Company's network and information systems and other technology could cause a disruption of services or improper disclosure of personal data or other confidential information, resulting in increased costs, liabilities or loss of revenue. Cloud services, content delivery and other networks, information systems and other technologies

that we or our vendors or other partners use, including technology systems used in connection with the production and distribution of our content (the “ Systems ”), are critical to our business activities, and shutdowns or disruptions of, and cybersecurity attacks on, the Systems pose increasing risks. Disruptions to the Systems, such as computer hacking and phishing, theft, computer viruses, ransomware, worms or other destructive software, process breakdowns, denial of service attacks or other malicious activities, as well as power outages, natural or other disasters (including extreme weather), ~~terrorist activities or human error~~, **terrorist and / or state- sponsored activities and insider threats (including actions by persons linked to hostile foreign governments, and / or organized criminal groups)**, may affect the Systems and could result in disruption of our services, misappropriation, misuse, alteration, theft, loss, leakage, falsification, and accidental or premature release or improper disclosure of confidential or other information, including intellectual property and personal data (of third parties, employees and users of our streaming services and other digital properties) contained on the Systems. The techniques used to access, disable or degrade service or sabotage systems change frequently and continue to become more sophisticated and targeted, and the increasing use of **AI artificial intelligence** may intensify cybersecurity risks. ~~While we and our vendors and partners continue to develop, implement and maintain security measures seeking to identify and mitigate cybersecurity risks, including unauthorized access to or misuse of the Systems, such efforts are costly, require ongoing monitoring and updating and may not be successful in preventing these events from occurring.~~ In addition, **ongoing conflicts in the Middle East and Europe, as well as the other Company’s recovery geopolitical events, including tensions with North Korea, Russia, China and business continuity plans other states,** may ~~lead not be adequate to address any cybersecurity incidents cyberattacks or other actions that occur could lead to a disruption of services, improper disclosure of personal data or other confidential information, or otherwise negatively impact the Systems (including supply chain disruption)~~. The Company’s high-profile sports and entertainment programming and its extensive news coverage of elections, sociopolitical events and public controversies subject us to heightened cybersecurity risks. **From time to time, the Company experiences cybersecurity threats and attacks**. Although no cybersecurity incident has been material to the Company’s businesses to date, we expect to continue to be subject to cybersecurity threats and attacks and there can be no assurance that we will not experience a material incident. Any cybersecurity incidents 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, and the Company may also be subject to liability under relevant contractual obligations and laws and regulations protecting personal data and may be required to expend significant resources to defend, remedy and / or address any incidents. ~~The While we and our vendors and partners continue to develop, implement and maintain security measures seeking to identify and mitigate cybersecurity risks, including unauthorized access to or misuse of the Systems, such efforts are costly, require ongoing monitoring and updating and may not be successful in preventing these events from occurring. In addition, the Company’s recovery and business continuity plans may not be adequate to address any cybersecurity incidents that occur, and the~~ Company may not have adequate insurance coverage to compensate it for any losses that may occur. 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 television shows, cable and other programming. 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. Although no content theft has been material to the Company’s businesses to date, we expect to continue to be subject to content threats and there can be no assurance that we will not experience a material incident. Developments in technology, including ~~artificial intelligence~~ **recent advances in the area of AI**, 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 create, access, duplicate, widely distribute, **display** 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 **reproduction, display,** distribution and **/ or** 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 legal landscape for new technologies, including AI, remains uncertain, and development of the law in this area could negatively impact the Company’s ability to protect against unauthorized third- party infringing uses or result in intellectual property infringement claims against the Company. The** Company takes a variety of actions to combat piracy and signal theft, ~~both individually and, in some instances, together with industry associations,~~ but the protection of the Company’s intellectual property rights depends on the scope and duration of the Company’s rights as defined by applicable laws in the U. S. and abroad and how those laws are construed. If those laws are 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. The Company’s efforts to enforce its rights and protect its products, services and intellectual property may not 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 laws intended to combat piracy and protect intellectual property are repealed, 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. **Third parties may challenge the validity or scope of the Company's intellectual property from time to time, and such challenges could result in the limitation or loss of the Company's intellectual property rights. Even if not valid, such claims may result in substantial costs and diversion of resources that could have an adverse effect on the Company's operations.** The Company is subject to complex laws, regulations, rules, industry standards, and contractual obligations related to privacy and personal data protection, which are evolving, inconsistent and potentially costly. We are subject to U. S. federal and state laws and regulations, as well as those of other countries, relating to the collection, use, disclosure, and security of personal information. The number and complexity of these laws and regulations continues to increase. For example, California, Virginia, Utah, Colorado, Connecticut, and several other states have passed legislation imposing broad obligations on businesses' collection, use, handling and disclosure of personal information of their respective residents and imposing fines for noncompliance. The FTC also has initiated a rulemaking proceeding regarding potential rules concerning the collection, use, disclosure and security of personal information. In addition, the E. U., the U. K. and other countries have privacy and data security legislation, with significant penalties for violations, that apply to certain of the Company's operations. New privacy and data protection laws and regulations continue to be introduced and interpretations of existing privacy laws and regulations, some of which may be inconsistent with one another, continue to evolve. As a result, significant uncertainty exists as to their application and scope. Compliance with these laws and regulations may be costly and could require the Company to change its business practices, including in connection with data-driven targeted advertising. Although the Company expends significant resources to comply with **data** privacy and **data** protection laws, we **have been and may continue to be subject to legal claims and** may be subject to regulatory ~~or other legal~~ action despite these efforts. Any such ~~action~~ **actions** could result in damage to our reputation or brands, loss of customers or revenue, and other negative impacts to our operations. The Company may also be subject to liability under relevant contractual obligations and may be required to expend significant resources to defend, remedy and / or address any claims. The Company may not have adequate insurance coverage to compensate it for any losses that may occur. For more information, see Item 1, "Government Regulation – Privacy and Information Regulation." Risks Relating to Legal and Regulatory Matters Changes in laws and regulations, **or the interpretation thereof,** may have an adverse effect on the Company's business, financial condition or results of operations. The Company is subject to a variety of laws and regulations in the jurisdictions in which its businesses operate. In general, the television broadcasting and traditional MVPD industries in the U. S. are highly regulated by federal laws and regulations issued and administered by various federal agencies, including the FCC. The FCC generally regulates, among other things, the ownership of media, broadcast and multichannel video programming and technical operations of broadcast licensees. For example, the Company is required to apply for and operate in compliance with licenses from the FCC to operate a television station, purchase a new television station, or sell an existing television station, with licenses generally subject to an eight-year renewable term. **The Company may be subject to investigations or fines under FCC rules and policies, or delays in its renewal and other applications with the FCC.** 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. Further, the United States Congress, the FCC, the FTC 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 network neutrality, privacy and data security, which could, directly or indirectly, affect the operations and ownership of the Company's media properties. **In particular, the legal and regulatory landscape governing AI remains unsettled, and developments in this area may adversely impact our business. In addition,** ~~From from~~ time to time, the FCC considers whether virtual MVPDs should be considered MVPDs (as defined by the FCC) and regulated as such, which could negatively impact the Company's distribution model. Any restrictions on political or other advertising may adversely affect the Company's advertising revenues. In addition, some policymakers maintain that traditional MVPDs should be required to offer a la carte programming to subscribers on a network- by- network basis or "family friendly" programming tiers. Unbundling packages of program services may increase both competition for carriage on distribution platforms and marketing expenses, which could adversely affect the business, financial condition or results of operations of the Company's cable networks. The threat of regulatory action or increased scrutiny that deters certain advertisers from advertising or reaching their intended audiences could adversely affect advertising revenue. **New** ~~Similarly, new~~ laws or regulations or changes in interpretations of laws or regulations could **also** require changes in the operations or ownership of our business. Furthermore, new laws, regulations and standards related to environmental (including climate), social and governance matters are likely to impose additional costs on us, expose us to new risks and subject us to increasing scrutiny. Any of the foregoing could have a material adverse effect on our business, financial condition or results of operations. ~~The Company may be subject to investigations or~~ **For more information** ~~fines from governmental authorities, see Item 1~~ **including under FCC rules and policies, or delays in our renewal and other applications with the FCC.** FCC rules prohibit the broadcast of obscene material at any time and indecent or profane material on television or radio broadcast stations between the hours of 6 a. m. and 10 p. m. The FCC has indicated that, in addition to issuing fines to licensees, it would consider initiating license revocation proceedings for "serious **Government Regulation.**" indecency violations. We air a significant amount of live news reporting and live sports coverage on our broadcast television stations and networks and a portion of our content is under the control of our on-air talent. The Company cannot predict whether information delivered by our stations and on-air talent could violate FCC rules related to indecency, which had been found to be unconstitutionally vague by the U. S. Supreme Court, especially given the spontaneity of live news and sports programming. Violation of the FCC's indecency rules could subject us to government investigation, penalties, license revocation, or renewal or qualification proceedings, which could have a material adverse effect on our business, financial condition or results of operations. The Communications Act and FCC regulations limit the ability of non-U. S. citizens and certain other persons to invest in us. The Company owns broadcast station licensees in connection with its

ownership and operation of U. S. television stations. Under the Communications Act of 1934, as amended, which we refer to as the Communications Act, and the FCC rules, without the FCC's prior approval, 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 ~~amended~~ **Amended** and ~~restated~~ **Restated certificate** ~~Certificate~~ of incorporation ~~Incorporation~~ authorizes the Board of Directors to take action to prevent, cure or mitigate the effect of stock ownership above the applicable foreign ownership threshold, 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. We are currently in compliance with applicable U. S. law and continue to monitor our foreign ownership based on our assessment of the information reasonably available to us, but we are not able to predict whether we will need to take action pursuant to our ~~amended~~ **Amended** and ~~restated~~ **Restated certificate** ~~Certificate~~ of incorporation **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 failure or destruction of satellites or transmitter facilities the Company depends on to distribute its programming could materially adversely affect its businesses and results of operations, as could changes in FCC regulations governing the availability and use of satellite transmission spectrum. The Company uses satellite systems to transmit its broadcast and cable networks to affiliates. The distribution facilities include uplinks, communications satellites and downlinks. Transmissions may be disrupted as a result of local disasters, including extreme weather, that impair on- ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption occurs, failure to secure alternate distribution facilities in a timely manner could have a material adverse effect on the Company's business and results of operations. ~~Each~~ **In the event of a business disruption** of the Company's television ~~stations~~ **station** and cable ~~networks~~ **network** ~~uses~~ studio and transmitter facilities, ~~a that are subject to damage or destruction. Failure~~ **failure** to restore such facilities in a timely manner could have a material adverse effect on the Company's businesses and results of operations. Further, changes in FCC regulations have reduced the availability and use of satellite transmission spectrum. In 2020, the FCC began reallocating and " re- packing " a band of satellite transmission spectrum known as the " C- Band " used by the television industry to transmit programming in order to free up spectrum for the next generation of commercial wireless broadband services. This has reduced the availability and use of satellite transmission spectrum for the television industry, and additional changes in FCC regulations could lead to further reductions. The decreased availability of satellite transmission spectrum could diminish the quality of and increase interference to our transmissions, which could significantly hinder the Company's ability to deliver its programming to broadcast affiliates and traditional MVPDs. The Company could be subject to significant tax liabilities. We are subject to taxation in U. S. federal, state and local, as well as certain international jurisdictions. Changes in tax laws, regulations, practices or the interpretations thereof ~~(including changes in legislation currently being considered)~~ could adversely affect the Company's results of operations or its tax assets. 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. Tax returns are routinely audited, tax-related litigation or settlements may occur, and certain jurisdictions may assess 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 have a material adverse effect on our financial condition or results of operations. Unfavorable litigation or governmental investigation results could require us to pay significant amounts or lead to onerous operating procedures. ~~We~~ **From time to time, we** are subject ~~from time to time to~~ **various legal proceedings (including class action lawsuits, including claims, regulatory investigations and arbitration proceedings), involving** claims relating to ~~,~~ **among other things,** competition, intellectual property rights, employment and labor matters, personal injury and property damage, free speech, ~~customer data~~ **privacy and protection**, regulatory requirements, and advertising, marketing and selling practices. See Note 14, " Commitments and Contingencies, " to the accompanying consolidated financial statements included in this Form 10-K for a discussion of certain of these matters. The Company has incurred significant expenses defending against the defamation and disparagement matters described in Note 14, including the payment of approximately \$ 800 million to settle the Dominion matter and a related lawsuit in April 2023. The Company continues to believe the Smartmatic and other lawsuits alleging defamation or disparagement as well as related derivative lawsuits are without merit and intends to defend against them vigorously, including through any appeals. However, the outcome of these pending matters is subject to significant uncertainty, and it is possible that an adverse resolution of one or more of these pending matters could result in reputational harm and / or significant monetary damages, injunctive relief or settlement costs. There can be no assurance that the ultimate resolution of these pending matters will not have a material adverse effect on the Company's business, financial condition, results of operations or cash flows. ~~Greater constraints on the use of arbitration to resolve certain disputes could adversely affect our business.~~ We also spend substantial resources complying with various regulatory and government standards, including any related investigations and litigation. We may incur additional significant expenses in the future defending against any lawsuit or government charge and may be required to pay amounts or otherwise change our operations in ways that could adversely impact our businesses, results of operations, financial condition or cash flows. In addition, regardless of merit or outcome, litigation and government investigations are time- consuming and costly to defend, divert management's attention and resources away from our business, may result in reputational harm and may impair our ability to conduct our business. Risks Relating to Our Ownership Structure Certain of the Company's directors and ~~officers~~ **significant stockholders** may have actual or potential

conflicts of interest because of their equity ownership in News Corp or because they also serve as ~~officers and/or on the board of~~ directors of News Corp. In June 2013, ~~21CF~~ **Twenty- First Century Fox, Inc.** completed the separation of its businesses into two independent publicly traded companies by distributing to its shareholders shares of a new company called News Corporation (“ News Corp ”). Certain of the Company’s directors and ~~executive officers~~ **significant stockholders** own shares of common stock of News Corp, and the individual holdings may be significant for some of these individuals compared to their total assets. In addition, **FOX** ~~certain of the Company’s officers and directors also serve as officers and/or as directors of News Corp, including our Chair, K. Rupert Murdoch, who serves as News Corp’s Executive Chairman, and our Executive Chair and Chief Executive Officer, Lachlan K. Murdoch, who also serves as~~ **the Chair of** News Corp’s ~~Co-Chairman~~. This ownership of or service to both companies may create, or may create the appearance of, conflicts of interest when these **individuals** ~~directors and officers~~ are faced with decisions that could have different implications for News Corp and the Company. In addition to any other arrangements that the Company and News Corp may agree to implement, the Company and News Corp have 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. Our ~~amended~~ **Amended** and ~~restated~~ **Restated by By** - laws acknowledge that our directors and officers, as well as certain of our stockholders, including K. Rupert Murdoch, certain members of his family and certain family trusts (so long as such persons continue to own, in the aggregate, 10 % or more of the voting stock of each of News Corp and the Company), each of which we refer to as a covered stockholder, are or may become stockholders, directors, officers, employees or agents of News Corp and certain of its affiliates. Our ~~amended~~ **Amended** and ~~restated~~ **Restated by By** - laws provide that any such overlapping person will not be liable to us, or to any of our stockholders, for breach of any fiduciary duty that would otherwise exist because such individual directs a corporate opportunity to News Corp instead of us. The provisions in our ~~amended~~ **Amended** and ~~restated~~ **Restated by By** - laws could result in an overlapping person submitting any corporate opportunities to News Corp instead of us. Certain provisions of the Company’s ~~amended~~ **Amended** and ~~restated~~ **Restated Certificate Certificate of incorporation Incorporation**, amended and restated by- laws, Delaware law and the ownership of the Company’s Common Stock by the Murdoch Family Trust may discourage takeovers and the concentration of ownership will affect the voting results of matters submitted for stockholder approval. The Company’s ~~amended~~ **Amended** and ~~restated~~ **Restated Certificate Certificate of incorporation Incorporation** and ~~amended~~ **Amended** and ~~restated~~ **Restated by By** - laws contain certain anti- takeover provisions that may make more difficult or expensive a tender offer, change in control, or takeover attempt that is opposed by the Company’s Board of Directors or certain stockholders holding a significant percentage of the voting power of the Company’s outstanding voting stock. In particular, the ~~amended~~ **Amended** and ~~restated~~ **Restated Certificate Certificate of incorporation Incorporation** and ~~amended~~ **Amended** and ~~restated~~ **Restated by By** - laws provide for, among other things: • a dual class common equity capital structure, in which holders of FOX Class A Common Stock can vote only in very specific, limited circumstances; • a prohibition on stockholders taking any action by written consent without a meeting (unless there are three record holders or fewer); • special stockholders’ meeting to be called only by a majority of the Board of Directors, the Chair or vice or deputy chair, or upon the written request of holders of not less than 20 % of the voting power of our outstanding voting stock; • the requirement that stockholders give the Company advance notice to nominate candidates for election to the Board of Directors or to make stockholder proposals at a stockholders’ meeting; • the requirement of an affirmative vote of at least 65 % of the voting power of the Company’s outstanding voting stock to amend or repeal our ~~amended~~ **Amended** and ~~restated~~ **Restated by By** - laws; • restrictions on the transfer of the Company’s shares; and • the Board of Directors to issue, without stockholder approval, preferred stock and series common stock with such terms as the Board of Directors may determine. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control of the Company, even in the case where a majority of the stockholders may consider such proposals desirable. Further, as a result of his ability to appoint certain members of the board of directors of the corporate trustee of the Murdoch Family Trust, which beneficially owns less than one percent of the outstanding FOX Class A Common Stock and 43. 39 % of FOX Class B Common Stock, K. Rupert Murdoch may be deemed to be a beneficial owner of the shares beneficially owned by the Murdoch Family Trust. K. Rupert Murdoch, however, disclaims any beneficial ownership of these shares. Also, K. Rupert Murdoch beneficially owns or may be deemed to beneficially own an additional less than one percent of FOX Class ~~A Common Stock and less than one percent of FOX Class~~ B Common Stock. Thus, K. Rupert Murdoch may be deemed to beneficially own in the aggregate less than one percent of FOX Class A Common Stock and 43. ~~99-96~~ % of FOX Class B Common Stock. This concentration of voting power could discourage third parties from making proposals involving an acquisition of the Company. Additionally, the ownership concentration of FOX Class B Common Stock by the Murdoch Family Trust increases the likelihood that proposals submitted for stockholder approval that are supported by the Murdoch Family Trust will be adopted and proposals that the Murdoch Family Trust does not support will not be adopted, whether or not such proposals to stockholders are also supported by the other holders of FOX Class B Common Stock. The Company’s Board of Directors has approved a \$ 7 billion stock repurchase program for the FOX Class A Common Stock and FOX Class B Common Stock, which has and in the future could increase the percentage of FOX Class B Common Stock held by the Murdoch Family Trust. The Company has entered into a stockholders agreement with the Murdoch Family Trust pursuant to which the Company and the Murdoch Family Trust have agreed not to take actions that would result in the Murdoch Family Trust and Murdoch family members together owning more than 44 % of the outstanding voting power of the shares of FOX Class B Common Stock or would increase the Murdoch Family Trust’s voting power by more than 1. 75 % in any rolling 12- month period. The Murdoch Family Trust would forfeit votes to the extent necessary to ensure that the Murdoch Family Trust and the Murdoch family collectively do not exceed 44 % of the outstanding voting power of the Class B Common Stock, except where a Murdoch family member votes their own shares differently from the Murdoch Family Trust on any matter. Risks Related to the Company’s Separation from 21CF The indemnification arrangements the Company entered into with 21CF in connection with the Transaction may require the Company to divert cash to satisfy indemnification obligations to 21CF. The indemnification

from 21CF may not be sufficient to insure the Company against the full amount of liabilities that have been allocated to 21CF. Pursuant to the agreements the Company and 21CF entered into in connection with the Transaction, 21CF will indemnify the Company for certain liabilities and the Company will indemnify 21CF for certain liabilities. Payments pursuant to these indemnities may be significant and could negatively impact our business. Third parties could also seek to hold the Company responsible for any of the liabilities of the businesses that were retained by 21CF in connection with the Transaction. 21CF has agreed to indemnify the Company for such liabilities, but such indemnity from 21CF may not be sufficient to protect the Company against the full amount of such liabilities, and 21CF may not be able to fully satisfy its indemnification obligations. Moreover, even if the Company ultimately succeeds in recovering from 21CF any amounts for which it is held liable, the Company may be temporarily required to bear these losses itself. These risks could negatively affect our business, financial condition, results of operations or cash flows. The Company could be liable for income taxes owed by 21CF. Each member of the 21CF consolidated group, which, prior to the Transaction, included 21CF, the Company and 21CF's other subsidiaries, is jointly and severally liable for the U. S. federal income and, in certain jurisdictions, state tax liabilities of each other member of the consolidated group for periods prior to and including the Transaction. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any other member of what was previously the 21CF consolidated group. The tax matters agreement entered into in connection with the Transaction requires 21CF and / or Disney to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the taxing authorities in amounts that the Company cannot quantify.