

Fox to Shell Out Whopping \$20 Million in Sexual Harassment Lawsuit

Fox News will pay \$20 million to settle a sexual harassment lawsuit by former anchor Gretchen Carlson against the network's ousted chief Roger Ailes, a source familiar with the agreement said on Tuesday.

The Fox News parent company, 21st Century Fox, offered a public apology to Carlson, who filed suit against Ailes in July, saying he took her off a popular show and cut her pay because she refused to have a sexual relationship with him.

Ailes, a former political consultant who founded the conservative news operation in 1996, left Fox less than three weeks after Carlson filed suit, taking a \$40 million severance package. Other women who had worked for him then came forward with allegations of harassment, leading to another lawsuit by a former on-air staffer.

Ailes was the only defendant in Carlson's lawsuit. The source, speaking on condition of anonymity having not authorized to discuss the matter, said Ailes' contract indemnified him from employment-related claims, which is why the company was settling on his behalf.

A court filing showed Carlson, 50, had voluntarily dismissed her federal lawsuit in New Jersey against Ailes. In a statement she said she was grateful Fox took swift action.

A statement from 21st Century Fox said, "We sincerely regret and apologize for the fact that Gretchen was not treated with the respect and dignity that she and all of our colleagues deserve."

Carlson, who won the Miss America beauty pageant in 1989, was a long-time co-host on the *Fox and Friends* morning program before getting her own show in 2013.

In a statement in July Ailes had said Carlson's suit was in retaliation for the network's decision not to renew her contract after disappointing ratings for her show.

Attorneys for Ailes did not immediately return calls for comment on the settlement.

Fox News, which Nielsen ratings data shows is the most watched channel in basic cable television this year, still is fighting sexual harassment claims in New York state court. Andrea Tantaros claims she was taken off the air in April in retaliation for rebuffing Ailes' advances and complaining to top officials at Fox News.

Behind the scenes, her lawsuit said, Fox News was "a sex-fueled, Playboy Mansion-like cult, steeped in intimidation, indecency and misogyny." Fox News characterized Tantaros as an "opportunist" who was taken off the air for writing a book without permission.

Ailes in Politics

Ailes, 76, who worked on the presidential campaigns of Richard Nixon, Ronald Reagan and George H.W. Bush before Fox News, became one of the most powerful forces in journalism and politics as the founder of the network. He reportedly has been advising the campaign of Republican presidential candidate Donald Trump since leaving and continues as an informal adviser to Rupert Murdoch, executive chairman of 21st Century Fox.

In his resignation letter, Ailes did not indicate he had done anything wrong. He previously denied Carlson's allegations, as well as those of star anchor Megyn Kelly.

New York magazine reported in July that Kelly had told investigators hired by Fox to investigate the claims that Ailes “made unwanted sexual advances toward her” about 10 years ago.

Fox News also announced on Tuesday that Greta Van Susteren, host of the “On the Record,” was leaving the network after 14 years.

Van Susteren’s departure was related to a financial disagreement with her employer, according to a separate source familiar with the situation, who requested anonymity because discussions were confidential. The source declined to say if her departure was connected to Ailes’ resignation.

Fox News has been a ratings juggernaut for 21st Century Fox, contributing \$ billion in earnings before interest, tax, depreciation and amortization (EBITDA), or 20 percent of parent Twenty-First Century Fox’s total EBITDA in fiscal 2016, according to estimates by Anthony DiClemente, an analyst with Nomura.

While the swift settlement of the Carlson lawsuit potentially removes a cloud that has been hanging over Fox News for investors, there still are questions about whether more talent will depart because Ailes is no longer there, said Brian Wieser, an analyst at Pivotal Research Group.

Carlson’s lawsuit was a wakeup call for Fox shareholders, who have not had to think about vulnerabilities tied to Fox News, Wieser said.

“This has brought to the forefront that investors do need to think about Fox News,” he said. “Even if the former management had stayed in place they are contending with a big demographic cliff as their viewers tend to be older.

Fox’s median age is over 65, higher than MSNBC and CNN, whose viewers are a median age of 64 and 60 respectively, according

to Nielsen data.

Shares of 21st Century Fox were down more than 1 percent in noon trading at \$ on Nasdaq. {eo}

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