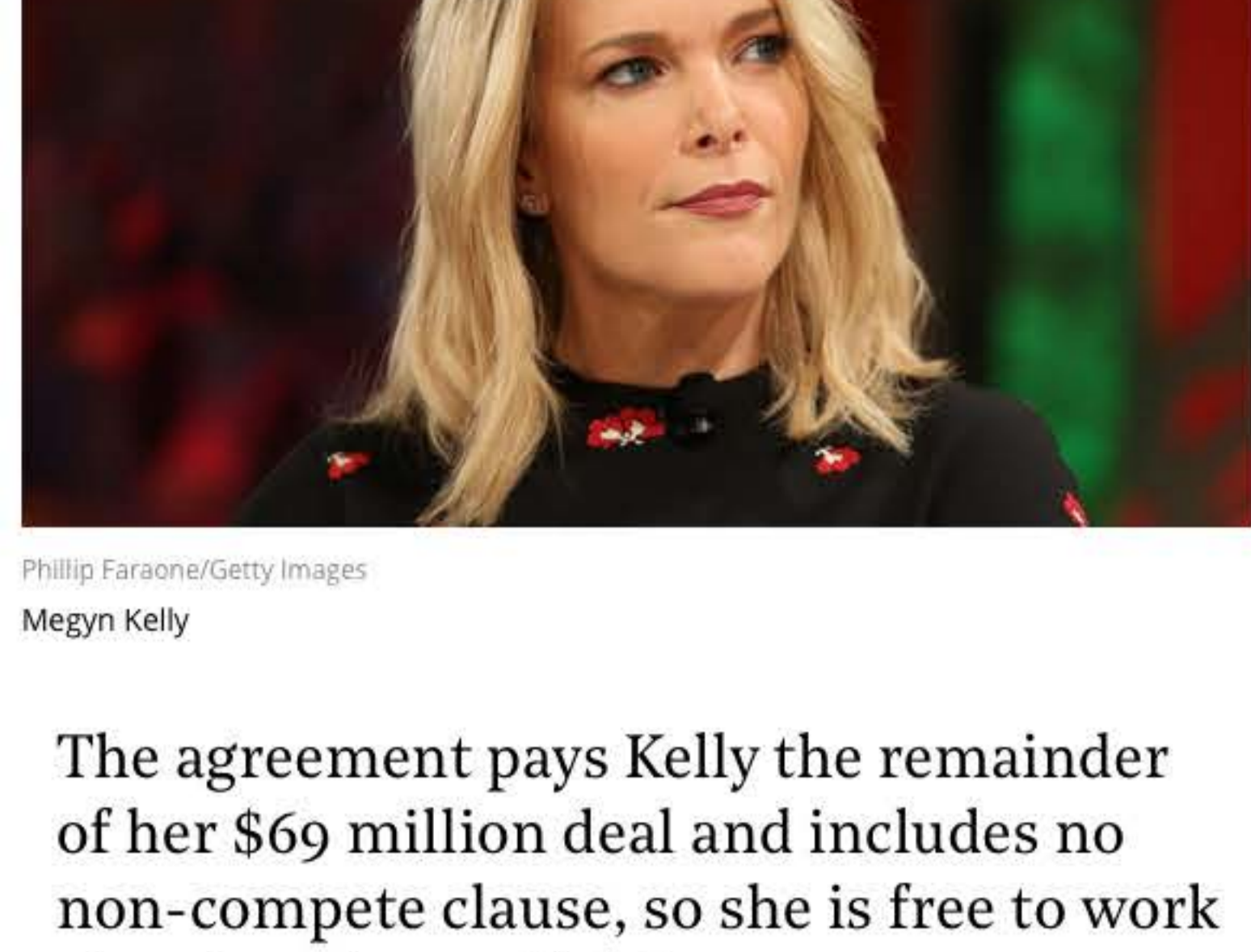
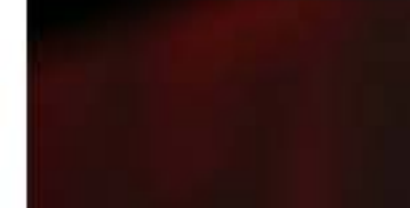


TV

It's Official: Megyn Kelly and NBC Part Ways

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Phillip Faraone/Getty Images
Megyn Kelly

The agreement pays Kelly the remainder of her \$69 million deal and includes no non-compete clause, so she is free to work elsewhere immediately.

Megyn Kelly is no longer an employee at NBC News. The news came on Friday and serves as the last chapter of an extraordinarily rancorous saga that began in October when Kelly was publicly hammered — including on her own network — for displaying a decided lack of awareness about the painful racist origins of blackface.

Exit discussions between Kelly's lawyer, Hollywood litigator Bryan Freedman, and NBC attorneys had been ongoing since Oct. 25, two days after Kelly made her controversial comments during a *Megyn Kelly Today* segment about Halloween costumes. The agreement will pay Kelly the remainder of her three-year \$69 million contract, say sources, and does not include a non-compete clause (six months is standard in the TV news industry) — so Kelly is free to take a job elsewhere immediately.

"The parties have resolved their differences, and Megyn Kelly is no longer an employee of NBC," said a network spokesperson.

The fallout from Kelly's comment was swift; her 9 a.m. *Today* hour was officially canceled Oct. 26. Current *Today* anchors have been filling in. And on Jan. 4, the show officially exited Studio 6A, the Rockefeller Center studio where *Megyn Kelly Today* was filmed in front of a live audience. The 9 a.m. hour is now airing from Studio 1A, the flagship *Today* location. Meanwhile, Kathie Lee Gifford, who hosts the bubbly 10 a.m. *Today* hour with Hoda Kotb, announced that she intends to leave in April, necessitating changes at the second of *Today's* four hours.

Kelly's impending exit dominated media headlines in the days after her blackface comments generated a furious backlash — and tearful apology from Kelly. Sources say negotiations between Kelly's lawyer and NBC hinged on a payout of the entirety of her contract and the company's desire to have Kelly bound by a non-disclosure clause. Such agreements are standard in exit and severance packages, even when circumstances are not contentious. But Kelly — who believed that NBC executives were engaged in a whisper campaign to smear her — balked at the clause unless the network was bound by the same type of agreement, sources close to her told *The Hollywood Reporter*. But other sources with knowledge of the exit deal say it contains the same boilerplate NDA language that was in her original employment contract.

Prior to her blackface comments, Kelly had expressed a desire to wind down her 9 a.m. hour and get back to covering news and politics. She was expected to participate in NBC's midterm election coverage — before her comments scuttled any chance of a role transition within NBC News.

Her fellow NBC News anchors, notably Craig Melvin and Al Roker, openly expressed dismay at Kelly's blackface remarks, while the network's news programs aired multiple segments about the downfall of its own anchor. *Nightly News With Lester Holt* was the only one of the three evening newscasts to air a segment on the controversy on Oct. 23, the day Kelly made the remarks. The following morning, hours before Kelly made her apology at the top of her 9 a.m. show, the flagship edition of *Today* unspooled another report with Melvin and Roker discussing the controversy at the anchor desk. Both reports included a clip of Kelly from a 2013 installment of her Fox News show during which she previously showed racial insensitivity, asserting that "Santa Clause just is white ... Jesus was a white man, too." NBC News chairman Andrew Lack, who lured Kelly to NBC News only two years ago, signaled that he no longer supported her when, during an Oct. 24 NBC News town hall, he took the opportunity to openly "condemn" her blackface remarks. And on the morning of Oct. 26, a *Today* report characterized her departure as "imminent." One source told *THR* that many on her staff were "devastated" by the implosion of the show and feared for their jobs. But many of them remain at the 9 a.m. *Today* hour, while there has been an internal effort to reassign a handful of contract workers.

Kelly's side argued that the network was exhibiting some hypocrisy since a character on *The Real Housewives of New York*, a show that airs on NBCUniversal-owned Bravo, wore the offending Halloween costume Kelly was discussing on her show. There have been multiple examples of NBC stars darkening their skin to play characters. On *Saturday Night Live*, Fred Armisen did it to play President Barack Obama, while Jimmy Fallon put on dark makeup for an impersonation of Chris Rock.

Sources tell *THR* that Kelly's legal team also argued that NBC News management retaliated against Kelly for her tough reporting on misconduct allegations against NBC News anchor Matt Lauer, who was fired in November 2017, and her comments on the network's handling of Ronan Farrow's Harvey Weinstein reporting. NBC News sources strenuously pushed back on the retaliation narrative, noting that the reports may have raised eyebrows at NBC News, but were not viewed internally as a transgression.

It was a surreal display, and a remarkable fall for a star anchor who famously tangled with President Donald Trump while at Fox News, earning her new fans among many women who viewed him as a misogynist who was the ultimate catalyst for the #MeToo reckoning. Kelly's implosion was front-page news, and a smattering of paparazzi have been staking out her Upper West Side co-op. It's unclear what she will do next, though she recently said, cryptically, in a paparazzi video posted on TMZ that she will be back on TV this year. There were early reports that she was looking to return to Fox News, which prompted the network to release a statement professing its extreme satisfaction with its current primetime lineup that includes Tucker Carlson, Sean Hannity and Laura Ingraham. Sources tell *THR* that Rupert Murdoch also has told confidants that he is happy with the lineup, in part because it is also cheaper without what would have been a four-year, \$100 million deal to keep Kelly in the fold. And current Fox co-chairman Lachlan Murdoch publicly shot down a return for Kelly.

"Look, I'm a big fan of Megyn's. I like her a lot," Murdoch said Nov. 1 during a *New York Times* DealBook panel. "We didn't want her to leave Fox when she did. Having said that, I'm very happy with our current lineup on Fox, and we won't be making any changes there."

And while Murdoch characterized Kelly as "very talented," he also acknowledged that she has been damaged by the circumstances of her NBC News departure.

Kelly's tenure at NBC News was rocky from the beginning. She opened her primetime program *Sunday Night With Megyn Kelly* with a solid interview with Russian president Vladimir Putin that was watched by a respectable 6 million viewers. But that would be the high point. A subsequent profile of Infowars conspiracy monger Alex Jones angered grieving parents of the children murdered at Sandy Hook Elementary school, and though Kelly subjected Jones to tough questioning, he preemptively leaked a pre-interview with Kelly during which she assured him she would not portray him as "some kind of boogeyman." And a chummy photo of the two of them wearing sunglasses and riding in a car prompted more outrage. *Sunday Night* was quietly discontinued after eight installments.

Hiring Kelly in the first place seemed like a page from the playbook of a bygone era when the broadcast networks dominated the news business and were ruled by an anchor star system marked by lavish salaries and — as the #MeToo movement has revealed — impunity for bad behavior. But the digital disruption has diminished the stature of TV anchors while chipping away at rich contracts and the networks' profit margins, and social media has facilitated disclosures about behaviors that for years were open secrets in media and Hollywood.

Kelly may have convinced herself — and NBC News execs — that broadcast TV was the job she was "born" to do. But her stock-in-trade at Fox News — sharp-elbowed, prosecutorial interviews — was not embraced by a daytime audience, a significant portion of which are women and viewers of color. In fact, daytime is littered with failure and many high-profile TV news anchors have come and gone, including Meredith Vieira, Katie Couric and Anderson Cooper.

Kelly did seem to find her footing once the #MeToo movement exploded, embarking on a series of effective interviews with victims and turning her show at times into a forum on systemic misconduct of men in positions of power. It worked for a while, and *Megyn Kelly Today* saw a ratings bump. But the traction was temporary.

By the time Kelly's show was canceled, it was averaging 2.4 million viewers a day. Granted, the entire daypart has lost viewers, but Kelly's direct competitor — ABC's *Live With Kelly and Ryan* — still leads the time slot with 3 million viewers. And Kelly's show was pulling in 400,000 fewer viewers than *Today's Take*, the (much cheaper) show it replaced in the fall of 2017. It was co-hosted by Roker and Tamron Hall, who left the network rather than accept a diminished role to make room for Kelly. Hall is now readying her own daytime show for ABC.

So what does Kelly do next? As one well-connected PR executive told *THR*: "She needs to retreat a little. If I were her, I'd write an op-ed. Start doing things on social [media] to build up an independent following. And then just wait."