

THE TAKEOVER PANEL

**OFFERS BY
COMCAST CORPORATION (“COMCAST”)
AND
TWENTY-FIRST CENTURY FOX INC. (“FOX”)
FOR
SKY PLC (“SKY”)**

On 15 December 2016, Fox announced a firm intention to make a recommended cash offer for the shares in Sky not already owned by it at £10.75 per Sky share. That offer was to be implemented by way of a scheme of arrangement and was subject to a number of pre-conditions, all of which have now been satisfied or waived.

On 27 February 2018, Comcast announced that it was considering making an offer for Sky, to be implemented by way of a contractual offer subject to a 50% plus 1 share acceptance condition. On 25 April 2018, Comcast announced a firm intention to make a cash offer for Sky at £12.50 per Sky share on this basis. That offer was also subject to a number of pre-conditions, all of which have now been satisfied or waived. Later that day, the independent directors of Sky announced that they were withdrawing their recommendation of the Fox offer.

On 11 July 2018, Fox announced an increased recommended cash offer for Sky at £14.00 per Sky share. Later that day, Comcast announced an increased recommended cash offer for Sky at £14.75 per Sky share.

On 13 July 2018, Comcast published its offer document. On 7 August 2018, Fox elected to switch from a scheme of arrangement to a contractual offer with an acceptance condition of 75% of the shares to which the offer relates and also published its offer document.

On the basis that neither offeror has declared its offer final, such that either offer may be increased or otherwise revised, a competitive situation continues to exist for the purposes of Rule 32.5 of the Takeover Code (the “Code”).

In order to provide an orderly framework for the resolution of this competitive situation, and in accordance with Rule 32.5, the Panel Executive has, after discussions with the parties, established an auction procedure which, assuming that a competitive situation continues to exist, is expected to commence at 5.00pm (London time) on 21 September 2018 and end during the evening of 22 September 2018. The default auction procedure set out in Appendix 8 to the Code will therefore not apply.

The auction procedure will consist of a maximum of three rounds which will all take place on 22 September 2018. In the first round, only the offeror with the lowest offer as at the commencement of the auction (or, in the event of both offers being at the same price, the last offeror to revise) may make an increased bid. In the second round, only the offeror that was not eligible to make a bid in the first round may make an increased bid (and it may do so even if no increased bid was made in the first round by the other offeror). If the auction procedure has not concluded after the second round (which it will if no increased bid is made in the second round), there will be a final round, in which both offerors may make an increased bid.

An offeror that is permitted to make a bid in any round may make a fixed price bid in cash in pounds sterling. No other form of consideration is permitted. In the final round, each offeror is additionally permitted to make its offer subject to the condition that the other offeror also makes a bid in the final round. Formula bids are not permitted in any round and there is no requirement that an increased bid must be higher by any minimum increment than the other offeror’s bid (although it must be higher than the last bid made by the offeror making the increased bid).

It is expected that the increased bids (if any) lodged during the auction procedure will not be publicly announced by any of the parties other than as set out below.

As soon as practicable following completion of the auction procedure on the evening of 22 September 2018, the Panel Executive will make an announcement in accordance with Rule 30.1 of the Code (which will also be published on the Panel's website). That announcement will set out the prices of the offers to be announced by each offeror following the conclusion of the auction procedure.

Following the Panel Executive's announcement of the result of the auction procedure, and by no later than 7.00am (London time) on 24 September 2018, each of the offerors is required to make an appropriate announcement under Rule 2.7 of the Code of a revised offer in respect of its latest bid lodged in accordance with the auction procedure (or alternatively, if it did not lodge an increased bid during the auction procedure, a confirmation of its pre-existing offer).

Thereafter, and subject to Note 1 on Rule 32.5 of the Code, each offeror which made a revised offer announcement will publish a revised offer document in respect of that revised offer on or before 27 September 2018. Regardless of the date on which those documents are published, 11 October 2018 shall be the last day on which either offeror's offer can become or can be declared unconditional as to acceptances.

It is possible that the auction procedure may complete in circumstances where the revised offers which the offerors are required to announce are at the same price in cash.

Between 5.00pm (London time) on 21 September 2018 and the end of the auction procedure:

- (a) an offeror may not introduce additional conditions to its offer, reduce the acceptance condition, waive any of the conditions to its offer or switch between a contractual offer and a scheme of arrangement;
- (b) an offeror (and each person acting in concert with an offeror) may not deal in relevant securities of Sky or take any steps to procure, amend or renew any

irrevocable commitment or letter of intent in relation to its or the other offeror's offer; and

- (c) an offeror (and each person acting in concert with an offeror) may not make any public statement in relation to or impacting on the auction procedure or the terms of its or the other offeror's offer for Sky.

The Panel Executive reserves the discretion to amend the auction procedure as appropriate. In particular, the times referred to above are subject to change, depending on the circumstances at the time.

Save for an offer in respect of a bid lodged in accordance with the auction procedure, neither offeror will be permitted to announce or to make a revised offer for Sky on or after 5.00pm on 21 September 2018. Following the conclusion of the auction procedure, neither offeror is permitted to revise the price of its offer for Sky from that established by means of the auction procedure, or to introduce any new alternative offer unless, under the normal provisions of the Code, a person other than Fox or Comcast (or any person acting in concert with either Fox or Comcast) announces a firm intention to make an offer for Sky. If Sky pays a dividend between the conclusion of the auction procedure and the end of the offer period, each offeror will reduce the terms of its offer by an amount per share equal to the amount of the dividend per share.

Each of Sky, Comcast, Fox and The Walt Disney Company (as a person acting in concert with Fox) has agreed to the terms of the auction procedure and this statement.

20 September 2018