

# THE TAKEOVER PANEL

**THE WALT DISNEY COMPANY (“DISNEY”)**

**TWENTY-FIRST CENTURY FOX INC. (“FOX”)**

**SKY PLC (“SKY”)**

Further to Panel Statement 2017/23, the Panel Executive confirms that it has informed each of Disney, Fox and Sky of its ruling that, following completion of the acquisition by Disney of Fox (after a spin-off of certain businesses) (the “**Acquisition**”), Disney will be required to make a mandatory offer (the “**Offer**”) to the holders of ordinary shares in Sky pursuant to Note 8 on Rule 9.1 of the Takeover Code as a result of Fox’s stake of approximately 39% in Sky. The basis for this ruling is that, in accordance with paragraph (b) of Note 8 on Rule 9.1, the Executive considers that securing control of Sky might reasonably be considered to be a significant purpose of Disney’s acquiring control of Fox.

The Executive has further ruled that the Offer must be at £10.75 in cash for each ordinary share in Sky. The basis for this ruling is set out in the Appendix to this Statement.

The Offer will be required to be made by Disney within 28 days of completion of the Acquisition unless by then either:

- (i) Fox has acquired 100% of the ordinary shares of Sky; or
- (ii) Comcast Corporation, which announced on 27 February that it was considering making an offer for Sky, or any other third party, has acquired more than 50% of the ordinary shares of Sky.

Each of Disney, Fox and Sky has accepted these rulings.

12 April 2018

**APPENDIX**

The basis for the Executive ruling that the Offer must be made at £10.75 in cash for each ordinary share in Sky share is as follows:

- (a) Note 8 on Rule 9.1 of the Code does not make provision for the price at which an offer made pursuant to that Note must be made;
- (b) Rule 9.5 of the Code provides that an offer made under Rule 9.1 must be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the offeror or any person acting in concert with it for any interest in shares in the offeree company during the 12 months prior to the announcement of the offer. In this case, there has been no announcement by Disney of an offer for the ordinary shares in Sky. Nevertheless, the Executive considers that, in applying Rule 9.5, it is appropriate to take into account the acquisition of any interests in ordinary shares in Sky in the 12 months prior to the announcement of the Acquisition. However, the Executive understands that neither Disney nor any person acting in concert with Disney has acquired any interest in Sky ordinary shares during this period or subsequently;
- (c) in the circumstances of this case, the Executive has determined that the Offer should be made at the price per share attributed by Disney to Fox's shareholding of approximately 39% of the ordinary shares in Sky in connection with the Acquisition; and
- (d) each of Disney and Fox has informed the Executive that, in connection with the Acquisition, it attributed a price of £10.75 per ordinary share to the Fox shareholding in Sky (being the price per share at which Fox announced a recommended pre-conditional cash offer for Sky on 15 December 2016). In order to validate this assertion, the Executive requested certain information from:
  - (i) the internal valuation materials prepared by Disney for the purpose of the Disney board's approval of the Acquisition; and

- (ii) the valuation materials prepared by Disney's financial advisers for the fairness opinion given to the Disney board in connection with the Acquisition.

In both cases, these materials supported the conclusion that the Offer should be at £10.75 per ordinary share in Sky.