



Disney to Buy Most of Fox in Deal Valued at \$66.1 Billion

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Disney on Thursday said it would acquire most of 21st Century Fox in a deal worth \$66.1 billion, including \$52.4 billion in stock and \$13.7 billion in debt. The deal had been expected ever since CNBC's David Faber reported in early November that negotiations had taken place.

Disney will acquire both the television and the film studios, as well as Fox's regional sports networks, FX Networks and National Geographic. Fox also is selling its 39 percent stake in Sky to Disney, after running into constant roadblocks in the U.K. that have prevented Fox from acquiring the rest of the international satellite TV service. And it's acquiring a majority stake in Hulu, which is where the on-the-ground war with Netflix will likely be fought.

The motivation behind selling so much of Fox to Disney is the need to stay competitive with the Silicon Valley giants who are storming the entertainment industry, including Netflix, Amazon, Apple, Facebook and Google. Netflix, which has been dominating the awards conversation along with HBO, plans to up its content spend to \$8 billion annually starting in 2018 and recently wooed Shonda Rhimes away from ABC. Amazon and Apple both have been aggressively pursuing content with deals. Amazon just made a reported \$250 million bet on a Lord of the Rings TV series, while Apple outbid the competition to give a

two-season pick up to a series starring Jennifer Aniston and Reese Witherspoon.

The New York Times has a detailed look at all of the assets Disney is getting from Fox.

Disney Chairman Bob Iger will remain on board to oversee the expanded Walt Disney Co. through 2021. As a result of this deal, Iger extended his last contract, which had been scheduled to end at the end of 2019.

Remaining at 21st Century Fox, which will be rolled up into a new company, according to 21st Century Fox Chairman Rupert Murdoch, will be the Fox Broadcast Network, the Fox-owned TV stations, Fox News, Fox Business Network and sports networks FS1, FS2 and Big Ten Network.

The new stripped-down company will likely be in the market to acquire more stations, said Murdoch in a conference call with analysts on Thursday.

"There will be opportunities. It will depend on the price," he said. "Certainly, if we have more [stations], it will give us greater strength in getting clearances."

Fox currently operates 28 stations in 17 markets covering 37 percent of U.S. TV homes. Under this year's revised FCC rules, the company could expand that coverage to as much as 66 percent, reports TVNewscheck.

Sinclair is in the process of acquiring Tribune, and expected to sell 12 or 13 stations to get the deal through anti-trust regulators. Picking up those stations is one place the new Fox could start.

That the deal will clear anti-trust regulators is not guaranteed, considering that the Department of Justice is suing to block AT&T's attempt to buy Time Warner in a proposed \$85.4 billion deal. But there are no news assets changing hands that President Trump hates as he does Time Warner-owned CNN. In addition, one of the possible antitrust snafus - owning two broadcast networks - is being avoided by not including the Fox Broadcast Network.

Immediately after the deal was announced, industry and consumer groups began expressing their opposition.

"In the relentless drive to eliminate competition, big business has an insatiable appetite for consolidation. Disney and Fox have spent decades profiting from the oligopolistic control that the six major media conglomerates have exercised over the entertainment industry, often at the expense of the creators who power their television and film operations," the Writers Guild of America West said in a statement.

"Now, this proposed merger of direct competitors will make matters even worse by substantially increasing the market power of a combined Disney-Fox

corporation. The antitrust concerns raised by this deal are obvious and significant. The Writers Guild of America West strongly opposes this merger and will work to ensure our nation's antitrust laws are enforced."

Should the deal go through, it's expected to close in the next 12 to 18 months.