

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE OFFER OR THE CONTENTS OF THIS DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN INDEPENDENT FINANCIAL, LEGAL AND TAX ADVICE FROM A STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) IF YOU ARE RESIDENT IN THE UK. IF YOU ARE LOCATED OUTSIDE THE UK, YOU SHOULD CONSULT AN APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER IN THE RELEVANT JURISDICTION.**

Sky Shareholders should carefully read the whole of this document (including all information incorporated by reference into this document) and, if you hold Sky Shares in certificated form, the accompanying Form of Acceptance.

If you hold your Sky Shares in uncertificated form and you are a CREST sponsored member, you should refer to your CREST sponsor.

If you have sold or otherwise transferred all of your Sky Shares (other than pursuant to the Offer), please send this document together with the accompanying documents (other than any documents or forms personal to you), as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. **However neither this document nor any accompanying document should be distributed, forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction (including any Restricted Jurisdiction).** If you have sold or otherwise transferred only part of your holding of Sky Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired Sky Shares in certificated form, you should contact the Receiving Agent, Computershare, to obtain a personalised Form of Acceptance.

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## **CASH OFFER**

for

**SKY PLC**

by

**TWENTY-FIRST CENTURY FOX, INC.**

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The release, publication or distribution of this document and/or any accompanying documents (in whole or in part) in, and the availability of the Offer to persons who are residents, citizens or nationals of jurisdictions other than the United Kingdom may be restricted by law and therefore any persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by law, 21st Century Fox disclaims any responsibility or liability for the violation of such restrictions by such persons. Neither this document nor any of the accompanying documents do or are intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, in any jurisdiction where such offer, invitation or solicitation is unlawful.

**The procedure for acceptance of the Offer is set out on pages 20 to 24 (inclusive), in Part D and Part E of Section 2 of this document and, in respect of Sky Shares held in certificated form, in the Form of Acceptance. If you hold Sky ADRs, you should read the procedures described on page 21.**

**To accept the Offer in respect of certificated Sky Shares, the Form of Acceptance accompanying this document should be completed, signed and returned to Computershare Investor Services PLC at Corporate Actions 1, Bristol, BS99 6AF or by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, as soon as possible but in any event so as to be received by not later than 1.00 p.m. on 17 September 2018.**

**To accept the Offer in respect of uncertificated Sky Shares, acceptance should be made electronically through CREST by no later than 1.00 p.m. on 17 September 2018. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE Instruction to Euroclear.**

The Offer may, subject to the occurrence of certain events, result in the cancellation of the listing of Sky Shares on the UK Listing Authority's Official List and of the trading in Sky Shares on the London Stock Exchange's Main Market for listed securities.

If you have any questions about this document or are in any doubt as to how to complete the Form of Acceptance (if you hold Sky Shares in certificated form), please call Computershare between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 923 1519 (from within the UK) or +44 117 378 8270 (from outside the UK). Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that no advice on the merits of the Offer or any financial, legal or tax advice can or will be given and that calls to these numbers may be recorded or randomly monitored for training purposes.

Deutsche Bank is authorised under German Banking Law (competent authority: European Central Bank) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and FCA. Neither Deutsche Bank nor any other company in the Deutsche Bank group will be responsible to any persons other than 21st Century Fox for providing any of the protections afforded to clients of Deutsche Bank nor for providing advice in relation to the Acquisition or any other matter referred to in this document. Neither Deutsche Bank nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Bank in connection with this document, any statement contained herein, or otherwise. Deutsche Bank is acting as Financial Adviser to 21st Century Fox and no one else in connection with the Acquisition.

Centerview Partners, which is authorised and regulated by the FCA, is acting as joint Financial Adviser to 21st Century Fox and no one else in connection with the contents of this document. Neither Centerview Partners nor any of its affiliates are or will be responsible to anyone other than 21st Century Fox for providing the protections afforded to its clients or for providing advice in connection with the contents of this document or any matter referred to in this document. Centerview Partners accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document.

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the FCA and Prudential Regulation Authority in the United Kingdom, is acting exclusively for 21st Century Fox and no one else in connection with the Acquisition and will not be responsible to anyone other than 21st Century Fox for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in relation to the Acquisition or any matter or arrangement referred to in this document. Neither Goldman Sachs International nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goldman Sachs International in connection with the Acquisition, this document, any statement contained herein or otherwise.

## IMPORTANT NOTICES

The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the Offer or the contents of this document, you should consult your own legal, financial and/or tax adviser for legal, business, financial and/or tax advice.

### Overseas Shareholders

The release, publication or distribution of this document and/or any accompanying documents (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable restrictions and legal and regulatory requirements.

Sky Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions and/or requirements may constitute a violation of the securities laws of any such jurisdiction.

This document has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

The Offer is subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange and the FCA.

Unless otherwise determined by 21st Century Fox or required by the City Code, and permitted by applicable law and regulation, the Offer is not being, and will not be, made available, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from or within any Restricted Jurisdiction.

Accordingly, copies of this document and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including any custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Any person (including any custodian, nominee or trustee) who has a contractual or legal obligation, or may otherwise intend, to forward this document and/or any other related document to a jurisdiction outside the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction and must not mail, send or otherwise forward or distribute them in, into or from any Restricted Jurisdiction. Doing so may render any purported acceptance of the Offer invalid.

The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant jurisdictions in which they are resident. Any such person should read paragraph 8 of Part C of Section 2 of this document as well as paragraph (c) of Part D of Section 2 of this document (if such person holds Sky Shares in certificated form) or paragraph (b) of Part E of Section 2 of this document (if such person holds Sky Shares in uncertificated form) and inform themselves of, and observe, any applicable legal or regulatory requirements.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Sky Shareholders in Hong Kong are advised to exercise caution in relation to the Offer and, if in any doubt about any of the contents of this document, should obtain independent professional advice.

### Notes to U.S. holders of Sky Shares and holders of Sky ADRs

The Offer is being made to holders of Sky Shares resident in the U.S. in reliance on, and in compliance with, the applicable U.S. tender offer rules under the U.S. Exchange Act and the "Tier II" exemption provided by Rule 14d-1(d) under such Act, and otherwise in accordance with the requirements of the City Code, the Panel, the London Stock Exchange and the FCA. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. tender offer procedures and law. In particular, the payment and settlement procedure with respect to the Offer will comply with the relevant UK rules, which differ from U.S. payment and settlement procedures, particularly with regard to the date of payment of consideration. Certain of such differences are summarised at paragraph 15 of Section 1 of this document.

The Offer is being made for the securities of an English company admitted to trading on the Main Market of the London Stock Exchange. Accordingly, Sky Shareholders in the U.S. should be aware that this document and any other documents relating to the Offer have been or will be prepared in accordance with the City Code and UK disclosure requirements, format and style, all of which differ from those in the U.S. Sky's financial statements, and all Sky financial information that is included in this document or any other documents relating to the Offer, have been or will have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and may not be comparable to financial statements of U.S. companies which are prepared in accordance with generally accepted accounting principles in the U.S.

To the extent permissible under the City Code and normal United Kingdom market practice and subject to the surviving provisions of the Co-operation Agreement and pursuant to an exception under Rule 14e-5 under the U.S. Exchange Act, 21st Century Fox, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, Sky Shares outside the U.S., otherwise than pursuant to the Offer, before or during the period in which such the Offer remains open for acceptance. Those purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed to all investors to the extent required in the UK and the U.S., will be reported to a Regulatory Information Service provider and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com), each of which will be available to the public in the U.S. If such purchases or arrangements to purchase were to be made, they would be made outside the U.S. and would be made in accordance with applicable law, including the U.S. Exchange Act and the City Code.

Sky Shareholders and holders of Sky ADRs in the U.S. should also be aware that the Offer may have tax consequences in the U.S., including that the receipt of cash pursuant to the Offer by Sky Shareholders and holders of Sky ADRs in the U.S. generally will be a taxable transaction for U.S. federal income tax purposes and may also be a taxable transaction under applicable state, local or non-U.S. income or other tax laws. Sky Shareholders and holders of Sky ADRs in the U.S. are urged to consult an independent professional adviser immediately regarding any acceptance of the Offer including, without limitation, to consider the tax consequences of accepting the Offer.

It may be difficult for Sky Shareholders and holders of Sky ADRs in the U.S. to enforce their rights, effect service of process within the U.S. upon Sky and/or enforce any claim arising out of U.S. federal laws in connection with the Offer, since Sky is located in a non-U.S. jurisdiction, and some or all of its officers and directors reside outside of the U.S. Therefore, Sky Shareholders and holders of Sky ADRs in the U.S. may not be able to bring an action against a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. laws, including U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment. There is substantial doubt as to the enforceability in the UK of original actions, or of actions for the enforcement of judgments of U.S. courts, based on civil liability provisions of U.S. federal securities laws.

Neither the SEC nor any U.S. state securities commission has approved or disapproved of the Offer, passed upon the merits or fairness of the Offer or passed upon the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the U.S.

### **Disclosure requirements**

Under Rule 8.3(a) of the City Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing

Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

#### **Cautionary note regarding forward-looking statements**

This document, including information included or incorporated by reference in this document, may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Sky or 21st Century Fox and certain plans and objectives of 21st Century Fox with respect thereto. All statements other than statements of historical fact included in this document may be forward-looking statements. Forward-looking statements also often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", or other words of similar meaning.

Forward-looking statements (including those relating to the completion of the Acquisition and the anticipated benefits thereof) by their nature address matters that are, to different degrees, uncertain. These and other forward-looking statements, including statements regarding any failure to complete the Acquisition or to make any filing or take any other action required to complete the Acquisition in a timely manner or at all, are subject to risks, uncertainties, assumptions and other factors. A number of important factors could cause actual results to differ materially from those expressed in any such forward-looking statements. These risk factors include, but are not limited to: (i) the risk that the Acquisition may not be completed on anticipated terms and timing or at all, (ii) the ability of Sky and 21st Century Fox to integrate the businesses successfully and to achieve anticipated benefits, (iii) the risk that disruptions from the Acquisition or risks associated with future business combinations or dispositions will harm Sky's or 21st Century Fox's businesses, (iv) legislative, regulatory, economic, political and market developments, (v) changes in the global, political, economic, business and competitive environments, market and regulatory forces, and unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism or outbreak of war or hostilities, (vi) the risks due to fluctuations in exchange and interest rates, and (vii) the risks, uncertainties, assumptions and other factors set forth in the public filings made by Sky and the public filings with the SEC made by 21st Century Fox, including the section titled "Risk Factors" in 21st Century Fox's annual report on Form 10-K for the fiscal year ended 30 June 2017 and quarterly reports on Form 10-Q for the fiscal quarters ended 30 September 2017, 31 December 2017 and 31 March 2018 and any updating information in subsequent SEC filings. While the list of factors presented here is considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realisation of forward-looking statements. These forward-looking statements are based on information, plans and estimates at the date of this document. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this document. 21st Century Fox and Sky disclaim any obligation to update any forward-looking or other statements contained in this document, except as required by applicable law.

#### **No profit forecasts or estimates**

No statement in, or referred to in, this document or incorporated by reference into this document is intended as or shall be deemed to be a profit forecast or estimate for any period. No statement in, or referred to in, this



document or incorporated by reference into this document should be interpreted to mean that cash flow from operations, free cash flow, earnings or earnings per share for Sky, 21st Century Fox or the Enlarged Group (as applicable) for the current or future financial years would necessarily match or exceed the historic published cash flow from operations, free cash flow, earnings or earnings per share for Sky, 21st Century Fox or the Enlarged Group (as applicable).

### **Publication on website and availability of hard copies**

A copy of this document, the information incorporated into this document by reference to another source and the documents listed in paragraph 14 of Section 6 will be available free of charge subject to certain restrictions relating to persons resident in Restricted Jurisdictions on 21st Century Fox's transaction microsite at [www.21cf-offer-for-Sky.com](http://www.21cf-offer-for-Sky.com), by no later than 12.00 noon (London time) on the Business Day following the date of publication of this document.

Save as expressly referred to in this document, neither the contents of 21st Century Fox's website or its transaction microsite (nor the contents of any website accessible from hyperlinks on 21st Century Fox's website or its transaction microsite) are incorporated into, or form part of, this document.

Subject to certain restrictions relating to persons resident in Restricted Jurisdictions, you may request a hard copy of this document (and any information incorporated into this document by reference to another source), free of charge, by contacting Computershare in writing at Corporate Actions 1, Bristol, BS99 6AF or by telephoning Computershare between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 923 1519 (from within the UK) or +44 117 378 8270 (from outside the UK). Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. You may also request that all future documents, announcements and information in relation the Acquisition be sent to you in hard copy form. Unless a Sky Shareholder has previously elected to receive hard copies, all future documents, announcements and information shall not be sent to that Sky Shareholder in hard copy unless requested.

### **No representations**

No adviser, dealer, salesperson or other person is authorised by 21st Century Fox to give any information or to make any representations with respect to the Offer other than such information or representations contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by 21st Century Fox.

### **Rounding**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

### **Definitions**

Certain words and terms used in this document are defined in Section 7 of this document.

### **Time**

All times shown in this document are London times, unless otherwise stated.

### **Date of publication**

The date of publication of this document is 7 August 2018.

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## ACTION TO BE TAKEN TO ACCEPT THE OFFER

### **If you hold Sky Shares in certificated form:**

If you hold your Sky Shares, or any of them, in certificated form (that is, not in CREST), to accept the Offer in respect of those Sky Shares, you must complete, sign and return the enclosed Form of Acceptance in accordance with the instructions printed on it. Return the completed Form of Acceptance along with your valid share certificate(s) and/or any other relevant documents of title as soon as possible and, in any event, so as to be received by post by Computershare Investor Services PLC at Corporate Actions 1, Bristol, BS99 6AF or (during normal business hours) by hand to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS13 8AE **no later than 1.00 p.m. (London time) on 17 September 2018**. A reply-paid envelope for use within the UK only is enclosed for your convenience and may be used by holders of Sky Shares in certificated form in the UK for returning their Forms of Acceptance.

Further details on the procedures for acceptance of the Offer if you hold any of your Sky Shares in certificated form are set out in paragraph 18.1 of Section 1 of this document, Part D of Section 2 of this document and in the Form of Acceptance.

### **If you hold Sky Shares in uncertificated form:**

If you hold your Sky Shares, or any of them, in uncertificated form (that is, in CREST), to accept the Offer in respect of those Sky Shares, you should follow the procedure for Electronic Acceptance through CREST so that the TTE Instruction settles as soon as possible and, in any event, **not later than 1.00 p.m. (London time) on 17 September 2018**. If you hold your Sky Shares as a CREST sponsored member, you should contact your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE Instruction to Euroclear.

Further details on the procedures for acceptance of the Offer if you hold any of your Sky Shares in uncertificated form are set out in paragraph 18.2 of Section 1 of this document and Part E of Section 2 of this document.

### **If you hold Sky ADRs:**

If you hold Sky ADRs, you should contact BNY Mellon to determine how you may exchange your Sky ADRs for the Sky Shares underlying such Sky ADRs so that you may participate in the Offer as a holder of Sky Shares in the manner described in this document. Each Sky ADR represents four Sky Shares. BNY Mellon's contact details are:

- Contact: BNYM Settlement Group
- Email: drsettlements@bnymellon.com
- Tel: +1 305 388 8001

If you wish to participate in the Offer as a Sky Shareholder you should act as soon as possible in order for a completed Form of Acceptance to be received by the Receiving Agent or a TTE Instruction to settle, as applicable, **by no later than 1.00 p.m. (London time) on 17 September 2018**.



**THE FIRST CLOSING DATE OF THE OFFER IS 17 SEPTEMBER 2018**

**ACCEPTANCES OF THE OFFER MUST BE RECEIVED BY NO LATER THAN 1.00 P.M.  
(LONDON TIME) ON 17 SEPTEMBER 2018**

**You are advised to read the whole of this document carefully**

**Helpline**

If you have any questions about this document or are in any doubt as to how to complete the Form of Acceptance (if you hold Sky Shares in certificated form), please call Computershare between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 923 1519 (from within the UK) or +44 117 378 8270 (from outside the UK). Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that no advice on the merits of the Offer or any financial, legal or tax advice can or will be given and that calls to these numbers may be recorded or randomly monitored for training purposes.

**Settlement**

Subject to the Offer becoming or being declared unconditional in all respects, settlement for those Sky Shareholders who have validly accepted the Offer will be effected within 14 days of the Offer becoming or being declared unconditional in all respects or, in relation to valid acceptances received after that date, within 14 days of that acceptance.

## SECTION 1

### LETTER FROM 21ST CENTURY FOX

*(a public company incorporated under the laws of the state of Delaware with its principal and registered office at 1211 Avenue of the Americas, New York, NY, 10036, United States)*

7 August 2018

*To Sky Shareholders and, for information only, to participants in the Sky Share Plans and persons with information rights.*

Dear Sky Shareholder,

#### Cash Offer for Sky by 21st Century Fox

##### 1. Introduction

On 15 December 2016, 21st Century Fox and the Independent Committee announced that they had reached agreement on the terms of a recommended pre-conditional cash offer by 21st Century Fox for the fully diluted share capital of Sky which 21st Century Fox and its Affiliates do not already own at a price of £10.75 for each Sky Share.

On 11 July 2018, 21st Century Fox announced a pre-conditional cash offer for the fully diluted share capital of Sky which 21st Century Fox and its Affiliates do not already own at a price of £14.00 for each Sky Share.

On 12 July 2018, the Secretary of State announced that he had approved the Acquisition subject to undertakings accepted under paragraph 9 of Schedule 2 to the Enterprise Act 2002 (Protection of Legitimate Interests) Order 2003. On the same day, 21st Century Fox announced that all regulatory pre-conditions to the Acquisition had been satisfied or waived.

It is a requirement of the City Code that this document in respect of the Acquisition be published by no later than 9 August 2018 (being the date falling 28 days after the satisfaction or waiver of the last outstanding pre-condition to the Acquisition).

This letter, Section 2 of this document and the Form of Acceptance contain the formal terms and conditions of the Offer.

**Your attention is drawn to paragraph 18 of this letter, Parts D and E of Section 2 of this document and, in respect of Sky Shares held in certificated form, the accompanying Form of Acceptance, which set out the procedures for acceptance of the Offer.**

**Acceptances of the Offer should be sent as soon as possible and, in any event, so as to be received by no later than 1.00 p.m. (London time) on 17 September 2018.**

##### 2. The Offer

Under the terms of the Offer, 21st Century Fox is offering to acquire the entire issued and to be issued share capital of Sky, other than the Sky Shares already owned by the 21st Century Fox Group, on the following basis:

in respect of each Sky Share                      £14.00 in cash

The Offer implies a value of approximately £24.5 billion for the expected fully diluted ordinary share capital of Sky at closing (consisting of 1,748,072,725 Sky Shares including the Sky Shares already owned by the 21st Century Fox Group as at the last practicable date prior to posting of this document).

The Offer includes an amount in lieu of Sky's final dividend for the financial year ended 30 June 2018. Accordingly, 21st Century Fox reserves the right to reduce the Acquisition Consideration of £14.00 per Sky Share by the amount of any dividend or any other distribution announced, declared, made or paid on or after the date of the Increased Offer Announcement in respect of the Sky Shares.

The Sky Shares will be acquired by 21st Century Fox under the Acquisition fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after the date of the

Increased Offer Announcement, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the Effective Date.

The Acquisition is conditional on, among other things, valid acceptances being received in respect of Sky Shares which represent, in aggregate, not less than 75 per cent. of the Sky Shares to which the Offer relates (as construed in accordance with Chapter 3 of Part 28 of the Companies Act). However, 21st Century Fox reserves the right to reduce such acceptance condition provided that this condition shall not be satisfied unless 21st Century Fox and/or any of its wholly-owned subsidiaries have acquired, or have agreed to acquire, pursuant to the Offer or otherwise, Sky Shares which, together with the Sky Shares already held by 21st Century Fox and its wholly-owned subsidiaries, carry in aggregate more than 50 per cent. of the voting rights of Sky.

21st Century Fox currently anticipates that the Acquisition will complete before the end of October 2018.

The Offer is subject to the Conditions and further terms referred to in this letter, in Section 2 of this document and, in respect of Sky Shares in certificated form, in the Form of Acceptance.

### **3. Background to and reasons for the Acquisition**

21st Century Fox is the founding shareholder in Sky and the 21st Century Fox Group currently owns approximately 39.1 per cent. of the issued share capital of Sky. 21st Century Fox is proud to have participated in Sky's growth and development. Sky's transformation over the past 25 years into Europe's leading entertainment brand has been extraordinary. As the founding shareholder of Sky, 21st Century Fox has remained deeply committed to bringing these two organisations together to create a world-class business positioned to deliver the very best entertainment experiences well into the future. 21st Century Fox strongly believes that a combined 21st Century Fox and Sky will be a powerful driver for the continued growth and vibrancy of the UK and broader global creative industries.

The enhanced scale and capabilities of the combination will enrich Sky's ability to continue on its mission for years to come, especially at a time of dynamic change in our industry. This transformative transaction will position Sky so that it can continue to compete within an environment that now includes some of the largest companies in the world, none of whom have demonstrated the same local depth of investment and commitment to the UK and Europe.

Such is 21st Century Fox's belief in the potential for Sky's business, it has made the following specific statements of intent with regard to the UK:

- 21st Century Fox will maintain Sky's UK HQ at the re-developed campus at Osterley and complete the £1 billion investment programme at the site.
- 21st Century Fox will continue to support Sky's development of Leeds as its technology hub and its Software Engineering Academy scheme which offers technology apprenticeships and graduate opportunities to young people across the north of England. This is reflective of 21st Century Fox's intention to continue investment in employees across all of the UK.
- The UK will be kept as the creative hub of Sky programming and 21st Century Fox intends to continue to invest in the creative community in the UK. In aggregate 21st Century Fox and Sky invested around £700 million last year in TV and film production in the UK alone, and 21st Century Fox intends to continue at least that level of investment. To this end 21st Century Fox fully expects to build on Sky's already outstanding original content pipeline which has 1,000 hours of original programmes and 80 series in development.
- 21st Century Fox intends to maintain Sky's standard of excellence in respect of Sky's investment in business and community initiatives including its role in Sky's Bigger Picture programme.
- In connection with seeking the required approval of the Secretary of State for the Acquisition under section 67 of the Enterprise Act 2002, 21st Century Fox offered the Undertakings (as defined in paragraph 17 of this letter) in respect of Sky News, which have been accepted by the Secretary of State. The Undertakings provide for 21st Century Fox to separate Sky News into NewCo (as defined in paragraph 17 of this letter) and to transfer the shares in NewCo to Disney or another suitable third party within a specified time period. The Undertakings also include commitments regarding the governance and funding of Sky News. Further details of the Undertakings are set out in paragraph 17 of this letter.

21st Century Fox is also extremely proud of Sky's leading positions in Italy and Germany, two businesses which 21st Century Fox has founded, and 21st Century Fox intends to continue to support their growth and development.

None of the statements in this paragraph 3 nor the Undertakings given to the Secretary of State are “post-offer undertakings” for the purposes of Rule 19.5 of the City Code.

#### **4. Irrevocable undertakings**

21st Century Fox has received irrevocable undertakings from each of the Sky Independent Directors who is interested in the Sky Shares to accept (or procure acceptance of) the Offer in respect of their own Sky Shares representing, in aggregate, approximately 0.06 per cent. of the issued share capital of Sky as at 3 August 2018 (being the latest practicable date prior to the date of this document).

Further details of these irrevocable undertakings are set out in paragraph 6 of Section 6 of this document.

#### **5. Financial effects of the Acquisition**

As at 31 March 2018, based on its unaudited results, 21st Century Fox had total assets of approximately US\$53,978 million and total liabilities of approximately US\$33,755 million. Full acceptance of the Offer would result in the earnings, assets and liabilities of the 21st Century Fox Group incorporating the consolidated earnings, assets and liabilities of Sky, and 21st Century Fox’s earnings, assets and liabilities would therefore be increased accordingly. In addition, the liabilities of 21st Century Fox are expected to increase as a result of debt incurred in order to fund the Offer. Details of the financing of the Offer are described in paragraph 9 of Section 6 of this document.

Based on its preliminary results for the twelve months ended 30 June 2018, Sky generated consolidated revenue of £13,585 million, adjusted EBITDA of £2,349 million and adjusted operating profit of £1,574 million. As at 30 June 2018, based on its preliminary consolidated interim financial statements for the year ended 30 June 2018, Sky had consolidated assets of £18,002 million and consolidated liabilities of £13,982 million.

In considering the options 21st Century Fox has with respect to capital allocation, the board of 21st Century Fox concluded that the Acquisition should provide attractive returns for 21st Century Fox shareholders and provide benefits to the customers and employees of both organisations. The Acquisition is expected to deliver a more diversified revenue base and increased geographic spread to 21st Century Fox’s earnings, and will further simplify the 21st Century Fox group structure. It is expected to create an improved balance to, and enhancement of, 21st Century Fox’s revenue, earnings and cash flow.

For the avoidance of doubt, the statements made in this paragraph 5 should not be construed as profit forecasts or be interpreted to mean that cash flow from operations, free cash flow, earnings or earnings per share of Sky, 21st Century Fox or the Enlarged Group (as applicable) for the current or future financial years would necessarily match or exceed the historic published cash flow from operations, free cash flow, earnings or earnings per share for Sky, 21st Century Fox or the Enlarged Group (as applicable).

#### **6. Information on 21st Century Fox**

##### ***Business description***

21st Century Fox is one of the world’s leading portfolios of cable, broadcast, film, pay TV and satellite assets spanning six continents across the globe. Reaching more than 1.8 billion subscribers in approximately 50 local languages every day, 21st Century Fox is home to a global portfolio of cable and broadcasting networks and properties, including: FOX, FX, FXX, FXM, FS1, Fox News Channel, Fox Business Network, FOX Sports, Fox Sports Regional Networks, National Geographic Channels, STAR India, 28 local television stations in the U.S. and more than 350 international channels; film studio Twentieth Century Fox Film; and television production studios Twentieth Century Fox Television and a 50 per cent. ownership interest in Endemol Shine Group.

##### ***Disney Transaction***

On 13 December 2017, 21st Century Fox, Disney and certain of Disney’s wholly-owned subsidiaries entered into a merger agreement pursuant to which Disney would acquire 21st Century Fox, including the Twentieth Century Fox Film and Television studios, along with cable and international TV businesses. Under the terms of the original merger agreement, immediately prior to the acquisition closing, 21st Century Fox and a newly-formed subsidiary of 21st Century Fox (**New Fox**) would, among other things, engage in an internal restructuring whereby 21st Century Fox would transfer to New Fox a portfolio of 21st Century

Fox's news, sports and broadcast businesses, including the Fox News Channel, Fox Business Network, Fox Broadcasting Company, Fox Sports, Fox Television Stations Group, and sports cable networks FS1, FS2, Fox Deportes and Big Ten Network and certain other assets, and New Fox would assume from 21st Century Fox certain liabilities associated with such businesses, which would be spun-off to 21st Century Fox's stockholders as a newly listed company. Under the terms of the original merger agreement, shareholders of 21st Century Fox would have received 0.2745 Disney shares for each 21st Century Fox share they held (subject to adjustment for certain tax liabilities).

On 20 June 2018, 21st Century Fox, Disney and certain of Disney's wholly-owned subsidiaries entered into an amended and restated merger agreement pursuant to which Disney has agreed to acquire, for a price of US\$38.00 per 21st Century Fox share (in cash and shares of Disney common stock) and subject to certain adjustments described in paragraph 7.3 of Section 6 of this document, the same business Disney agreed to acquire under the original merger agreement (the **Disney Transaction**).

The Disney Transaction is subject to certain conditions precedent, including regulatory approval, and is expected to complete in the first half of 2019. Completion of the Disney Transaction is not inter-conditional with completion of the Acquisition. Completion of the Acquisition will not affect the amount or form of consideration that stockholders of 21st Century Fox receive pursuant to the Disney Transaction.

Further details of the terms of the Disney Transaction are described in paragraph 7.3 of Section 6 of this document.

Disney has provided its consent to the increased indebtedness that would be incurred by 21st Century Fox as a result of the Offer. Also, in the event that the Disney Transaction does not complete due to the failure to obtain regulatory approvals or in certain other limited circumstances, Disney has agreed to reimburse 21st Century Fox for an amount equal to the difference between the Acquisition Consideration (£14.00) and £13.00 for each Sky Share purchased by 21st Century Fox pursuant to the Offer (plus any interest and fees on such amount).

### ***21st Century Fox current trading and prospects***

As disclosed in 21st Century Fox's annual report for the fiscal year ended 30 June 2017 on Form 10-K (the **10-K**) filed on 14 August 2017, 21st Century Fox reported total revenues of US\$28.5 billion, income from continuing operations before income tax expense of US\$4.69 billion and total segment operating income before depreciation and amortisation (**OIBDA**) of US\$7.17 billion for the fiscal year ended 30 June 2017.

As disclosed in 21st Century Fox's quarterly report for the quarterly period ended 31 March 2018 on Form 10-Q (the **10-Q**) filed on 10 May 2018, 21st Century Fox reported total revenues of US\$22.46 billion, income from continuing operations before income tax expense of US\$3.33 billion and total segment OIBDA of US\$5.12 billion for the nine months ended 31 March 2018.

As of 31 March 2018, 21st Century Fox had total net assets of US\$20.22 billion.

Sky Shareholders are advised to read the 10-Q and 10-K referenced above, because they contain important information about 21st Century Fox. The 10-Q and 10-K are available at the following websites:

- 10-Q: <http://investor.21cf.com/sec-filings/sec-filing/10-q/0000950123-18-004511>; and
- 10-K: <http://investor.21cf.com/sec-filings/sec-filing/10-k/0001564590-17-017693>.

Certain financial information relating to 21st Century Fox is incorporated by reference into this document as set out in Part A of Section 3 of this document.

Save as expressly set out in this document, none of the contents of the website of 21st Century Fox are incorporated by reference into this document; this information is provided solely for the purposes of informing you about how you may obtain certain documents that are referenced herein.

## **7. Information on Sky**

### ***Business description***

Sky is a leading entertainment and communications company in Europe. Sky serves approximately 23 million retail customers across seven countries: UK, Ireland, Germany, Austria, Italy, Spain and Switzerland.

The majority of the Sky Group's revenue is derived from retailing pay television services both in the home and on the move. In the UK and Ireland, the Sky Group also offers customers broadband and telephony

products, including internet via DSL, fibre and WiFi, and has recently established a mobile offering. The Sky Group retails TV services to commercial customers and operates adjacent businesses which include wholesaling Sky channels to other providers and selling advertising on the Sky Group's own and partner channels. The Sky Group also sells both Sky Group originated television programmes and third party television programmes internationally through 'Sky Vision'.

The ordinary shares of Sky are listed on the London Stock Exchange under the symbol SKY. Sky also has a sponsored Level 1 ADR programme administered by BNY Mellon.

For the financial year ended 30 June 2018, Sky reported consolidated revenue of £13,585 million, adjusted EBITDA of £2,349 million, adjusted operating profit of £1,574 million and adjusted profit after tax of £1,168 million.

### ***Current trading and prospects***

On 26 July 2018, Sky announced its results for the twelve months ended 30 June 2018. The following has been extracted without material adjustment from the section entitled "Group Financial Performance" in such results announcement:

#### *...Revenue*

*Group revenues increased by £588 million, or 5% to £13,585 million. We delivered growth in each territory, with the UK and Ireland up 4% (+£331 million), Germany and Austria up 6% (+£107 million) and Italy up 6% (+£150 million)...*

#### *Costs*

*We made excellent progress in operating efficiency, with operating costs as a percentage of revenue reducing by 70 basis points...*

#### *Profit and earnings*

*As a result of our strong revenue growth and excellent progress in operating efficiency, Established Business EBITDA was up 11% to £2,456 million (2017: £2,208 million). EBITDA was up 9% after including the net costs of our investments in Sky Mobile and our streaming TV service in Spain.*

*Adjusting for depreciation and amortisation of £775 million, EBIT was up 7% to £1,574 million (2017: £1,473 million)...*

#### *Statutory results and adjusting items*

*Statutory operating profit for the year of £1,034 million (2017: £964 million) increased by 7%, reflecting 5% growth in statutory revenue, progress in operating efficiency and the movement in foreign currency exchange rates...*

\*\*\*\*

#### *Notes:*

*(1) Established Business EBITDA is on an adjusted basis and includes the results of those businesses that have been operating for many years. This includes our entertainment and fixed line communications businesses in the UK & Ireland, Italy and Germany & Austria."*

So far as 21st Century Fox is aware having regard to publicly available information, there has been no significant change in the financial or trading position of the Sky Group since 30 June 2018, being the date to which Sky's latest preliminary statement of annual results was prepared.

Certain financial information relating to Sky is incorporated by reference into this document as set out in Part A of Section 4 of this document.

Save as expressly set out in this document, none of the contents of the website of Sky are incorporated by reference into this document; this information is provided solely for the purposes of informing you about how you may obtain certain documents that are referenced herein.



## 8. Financing

The Acquisition Consideration payable by 21st Century Fox pursuant to the Offer will be funded using the proceeds of the amended Bridge Facility Agreement. Further details on the amended Bridge Facility Agreement are set out in paragraphs 7.1 and 9 of Section 6 of this document.

Deutsche Bank, lead Financial Adviser to 21st Century Fox, is satisfied that sufficient resources are available to 21st Century Fox to satisfy the full cash consideration payable to Sky Shareholders under the terms of the Acquisition.

## 9. Management, employees and locations of business

### *Management and Employees*

21st Century Fox attaches great importance to the skills and experience of the existing management and employees of Sky and anticipates that they will continue to contribute to the success of Sky and the Enlarged Group following completion of the Acquisition.

21st Century Fox has no plans or intentions to make material changes in relation to the employment of the employees and management of Sky or any of its subsidiaries following completion of the Acquisition, including in relation to conditions of employment. However, 21st Century Fox recognises that there is likely to be some duplication in corporate and support functions, including head-office functions, which could involve minor headcount reductions. 21st Century Fox expects that the overall headcount reductions related to the current Sky workforce following completion of the Acquisition will be in respect of less than one per cent. of Sky's existing total headcount. The timing and magnitude of workforce reductions will be reviewed following completion of the Acquisition and will be subject to any required consultations with employees and their representatives.

Where new opportunities arise as part of an open recruitment exercise, 21st Century Fox intends to encourage affected employees to apply for alternative positions within the Enlarged Group.

21st Century Fox does not expect there to be a material impact on the balance of skills and functions of the employees and management of Sky after completion of the Acquisition.

21st Century Fox has no plans or intentions to make material changes in relation to the employment of the employees and management of 21st Century Fox or any of its subsidiaries in connection with completion of the Acquisition. 21st Century Fox does not expect there to be a material impact on the balance of skills and functions of the employees and management of 21st Century Fox in connection with completion of the Acquisition.

21st Century Fox has not yet confirmed with Sky that each of the non-executive directors intends to resign as a director of Sky on completion of the Acquisition.

### *Incentivisation arrangements*

21st Century Fox intends to provide incentive arrangements for Sky employees consistent with 21st Century Fox's compensation schemes and having regard to Sky's current incentive arrangements and 21st Century Fox's desire to attract and retain talent at Sky, including that participants in the Sky Share Plans would be offered the opportunity to participate in arrangements to be put in place to replace the unvested proportion of pre-existing entitlements to awards under the Sky Share Plans which will not be paid.

21st Century Fox and Sky have agreed the framework of proposed management incentivisation arrangements for certain key members of Sky's executive management team, which reflect 21st Century Fox's recognition of the importance of, and desire to retain, such executives during the critical period of integrating Sky with 21st Century Fox within the Enlarged Group and, subsequently, the enlarged Disney group (subject to the completion of the Disney Transaction).

Under the proposed arrangements, following completion of the Acquisition certain senior members of Sky's executive management team, including Jeremy Darroch and Andrew Griffith, would each receive a grant of restricted stock units in 21st Century Fox (RSUs). The RSUs would vest 50 per cent. on completion of the Disney Transaction and 50 per cent. on the date falling fifteen months after completion of the Disney Transaction. In the event of early termination of the relevant executive's employment without cause, any unvested RSUs held by that executive would vest immediately. RSUs with comparable terms and conditions have also been granted to other members of the 21st Century Fox management team. The value of the proposed arrangements has not yet been determined.

### ***Pension Schemes***

21st Century Fox confirms that, upon and following completion of the Acquisition, it intends to fully safeguard the existing employment and pension rights of all of the Sky Group's management and employees. 21st Century Fox intends that, following completion of the Acquisition, Sky will comply with its current obligations in relation to its pension schemes.

Sky's defined benefit pension schemes will remain closed to the admission of new members and to future accrual, and will continue to be funded in accordance with existing arrangements. The accrued benefits for existing members of Sky's defined benefit pension schemes will not be affected.

### ***Locations***

Following completion of the Acquisition, the Enlarged Group's headquarters will be located at 21st Century Fox's headquarters in New York, U.S.

21st Century Fox will maintain Osterley, UK, as the base for headquarters' functions and central operations in respect of Sky's business. 21st Century Fox shall complete the £1 billion investment programme at the Osterley site.

21st Century Fox will continue to support Sky's development of Leeds as its technology hub and its Software Engineering Academy scheme which offers technology apprenticeships and graduate opportunities to young people across the north of England. This is reflective of 21st Century Fox's intention to continue investment in employees across the UK.

21st Century Fox has no intention to change any of Sky's other principal places of business or to redeploy Sky's fixed assets.

### ***R&D***

In aggregate, 21st Century Fox and Sky invested around £700 million last year in TV and film production in the UK alone and 21st Century Fox intends to continue at least that level of investment. To this end, 21st Century Fox fully expects to build on Sky's original content pipeline, which has 1,000 hours of original programmes and 80 series in development. 21st Century Fox does not otherwise intend to make changes to Sky's research and development functions.

### ***Trading Facilities***

Sky Shares are currently listed on the Official List maintained by the FCA and admitted to trading on the Main Market of the London Stock Exchange. As set out in paragraph 12 below, requests will be made to the FCA to cancel the listing of the Sky Shares on the Official List and to the London Stock Exchange to cancel trading in Sky Shares. It is also intended that, following completion of the Acquisition, Sky will be re-registered as a private company.

None of the above statements in this paragraph 9 constitutes a "post-offer undertaking" for the purpose of Rule 19.5 of the City Code.

## **10. Sky Share Plans**

The Offer will extend to any Sky Shares which are unconditionally allotted and/or issued to satisfy the exercise of options or vesting of awards under the Sky Share Plans while the Offer remains open for acceptance (or prior to such earlier time and/or date as 21st Century Fox may, subject to the City Code, determine).

Certain details of the agreed proposals to be made to participants in the Sky Share Plans are set out in Schedule 1 of the Co-operation Agreement. 21st Century Fox and Sky have agreed that such proposals continue to apply notwithstanding the termination of the Co-operation Agreement.

Participants in the Sky Share Plans will be sent letters in due course explaining the effect of the Offer on their rights under each of the Sky Share Plans and setting out full details of the appropriate proposals in respect of those rights.

## **11. Sky ADRs**

The Offer is being made in respect of Sky Shares only and not Sky ADRs. Sky ADR Holders who wish to participate in the Offer may do so by taking the steps set out in paragraph 18 of this letter under the sub-heading "Sky ADR Holders".

## 12. Compulsory acquisition, cancellation of trading and listing, re-registration

If sufficient acceptances are received and/or sufficient Sky Shares are otherwise acquired or agreed to be acquired, and assuming that all of the other Conditions have been satisfied or waived (if capable of being waived), 21st Century Fox intends to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily any Sky Shares not acquired or agreed to be acquired by or on behalf of 21st Century Fox pursuant to the Offer or otherwise on the same terms as the Acquisition.

After the Offer becomes or is declared unconditional in all respects and if 21st Century Fox has by virtue of its shareholdings (and the shareholdings of its wholly-owned subsidiaries) and acceptances of the Offer acquired, or agreed to acquire, issued share capital carrying 75 per cent. or more of the voting rights of Sky (or the appropriate special resolutions are otherwise passed), and subject to any applicable requirements of the UK Listing Authority, it is intended that 21st Century Fox will procure that Sky makes applications to cancel the listing of Sky Shares on the UK Listing Authority's Official List and to cancel trading in Sky Shares on the London Stock Exchange's Main Market for listed securities.

It is anticipated that cancellation of Sky's listing on the Official List and admission to trading on the London Stock Exchange's Main Market will take effect no earlier than 20 Business Days after either (i) the date on which 21st Century Fox has, by virtue of its shareholdings and acceptances of the Offer acquired, or agreed to acquire, Sky Shares which, together with the Sky Shares already held by 21st Century Fox and its wholly-owned subsidiaries, carry in aggregate 75 per cent. of the voting rights of Sky, or (ii) the first date of issue of compulsory acquisition notices under Part 28 of the Companies Act. 21st Century Fox will notify Sky Shareholders when the required 75 per cent. percentage has been attained (or the compulsory acquisition notices served) and confirm that the notice period has commenced and the anticipated date of cancellation.

As soon as possible after the cancellation of Sky's listing on the Official List and admission to trading on the London Stock Exchange's Main Market for listed securities, it is intended that Sky will be re-registered as a private limited company.

Delisting of the Sky Shares and the re-registration of Sky as a private limited company would significantly reduce the liquidity and marketability of any Sky Shares in respect of which the Offer has not been accepted at that time. Any remaining Sky Shareholders would become minority shareholders in a majority controlled private limited company and may therefore be unable to sell their Sky Shares. There can be no certainty that Sky would pay any further dividends or other distributions or that such minority Sky Shareholders would again be offered an opportunity to sell their Sky Shares on terms which are equivalent to or no less advantageous than those under the Offer.

## 13. Taxation

Your attention is drawn to Section 5 of this document which contains a summary of certain United Kingdom and United States tax consequences of the implementation of the Offer for Sky Shareholders, based on current legislation and practice.

**The summary set out in Section 5 of this document is intended as a guide only and Sky Shareholders who are in any doubt about their taxation position are strongly advised to consult an appropriate professional independent tax adviser.**

## 14. Overseas Shareholders

Unless otherwise determined by 21st Century Fox or required by the City Code, and permitted by applicable law and regulation, the Offer is not being, and will not be, made available, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from or within any Restricted Jurisdiction.

The availability of the Offer to Overseas Shareholders may be affected by the laws of the jurisdiction in which they are resident. The attention of Sky Shareholders who are citizens or residents of countries outside the United Kingdom or who are holding Sky Shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to paragraph 8 of Part C of Section 2 of this document, paragraph (c) of Part D of Section 2 of this document and paragraph (b) of Part E of Section 2 of this document and, if your Sky Shares are held in certificated form, to the relevant provisions of the Form of Acceptance, which you should read before taking any action.

Persons who are resident in any jurisdiction or territory other than the United Kingdom or the United States should obtain appropriate, independent professional advice in the relevant jurisdiction without delay and observe any applicable legal or regulatory requirements.

## 15. Notices for Sky Shareholders in the United States

The Offer is being made for securities of an English company and Sky Shareholders in the United States should be aware that this document and any other documents relating to the Offer have been or will be prepared in accordance with the City Code and UK format and style which differs from that in the United States.

The Offer will be made to Sky Shareholders in the United States in reliance on, and in compliance with the applicable U.S. tender offer rules under the U.S. Exchange Act and the “Tier II” exemption provided by Rule 14d-1(d) under such Act, and otherwise in accordance with the requirements of English law, the City Code, the Panel, the London Stock Exchange and the FCA. Accordingly, the Offer is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under United States domestic tender offer procedures and law.

The following describes certain ways in which the Offer will differ from the rules and procedures typically applicable in U.S. domestic tender offers:

- (a) the Offer will be open until the First Closing Date and, subject to Rule 14e-1 under the U.S. Exchange Act, can be extended for such additional period or periods as determined by 21st Century Fox, though not beyond the 60th day following publication of this document (unless the Panel agrees otherwise) in the event the Offer has not become or been declared unconditional as to acceptances. If the Offer has not become or been declared unconditional as to acceptances by 21 days after the First Closing Date, Sky Shareholders who have accepted the Offer will, until the Offer becomes or is declared unconditional as to acceptances, be entitled to withdraw their acceptance. Otherwise, except in the other limited circumstances described in paragraph 3 of Part C of Section 2 of this document, Sky Shareholders will not be entitled to withdraw their acceptance;
- (b) except with the Panel’s consent, all Conditions to the Offer must be satisfied or, where permissible, waived not later than 21 days after the later of the First Closing Date or the date on which the Offer becomes or is declared unconditional as to acceptances, whereupon the Offer will be unconditional in all respects (the **Initial Offer Period**) and 21st Century Fox will (a) accept all Sky Shares that have by that time been validly tendered in acceptance of the Offer, and (b) in accordance with the City Code, pay for all such accepted Sky Shares within 14 days after the end of the Initial Offer Period (as further described in paragraph 19 of this letter). 21st Century Fox may, should it wish to do so, keep the Offer open for acceptances beyond the Initial Offer Period and must, in respect of Sky Shares tendered during this subsequent period, accept and pay for such shares within 14 days of receipt of the acceptance complete in all respects. These 14 day periods for settlement of tendered shares differ from the SEC rules which would require payment to be made “promptly” (i.e. within the normal settlement cycle in the United States);
- (c) if the Offer is terminated or withdrawn, all documents of title will be returned to Sky Shareholders within 14 days of such termination or withdrawal as further described in paragraph 20 of this letter. Again, this 14 day period for return differs from the SEC rules which would require returns to be made “promptly” after termination or withdrawal of the Offer (i.e. within the normal settlement cycle in the United States); and
- (d) if the Offer is revised, the Offer will remain open for acceptance for a period of at least 14 days or such other period as may be permitted by the Panel (in each case provided such period complies with the requirements of Rule 14e-1 under the U.S. Exchange Act) after the date on which 21st Century Fox publishes the revised offer documentation. Except with the Panel’s consent, 21st Century Fox may not revise the Offer or publish any revised Offer Document after Day 46 (as defined in Part C of Section 2 of this document), or, if later, the date which is 14 days before the last date on which the Offer can become unconditional as to acceptances (also as so defined).

The summary contained in this paragraph 15 is not comprehensive and is subject in its entirety to the disclosures contained in the remainder of this document. U.S. Sky Shareholders should also closely read “Notes to U.S. holders of Sky Shares and holders of Sky ADRs” on pages 3 and 4 of this document, paragraph 19 of this letter and Part C of Section 2 of this document, for further details.

In accordance with the City Code and normal UK market practice and subject to the surviving provisions of the Co-operation Agreement and pursuant to an exception to Rule 14e-5 under the U.S. Exchange Act, 21st Century Fox or any person acting on its behalf may from time to time make certain market or private purchases of, or arrangements to purchase, directly or indirectly, Sky Shares other than pursuant to the Offer. Any information about such purchases will be publicly announced as required by law or regulation in the United Kingdom and the United States.

## 16. Offer-related arrangements

A summary of the Confidentiality Agreements and the Co-operation Agreement are set out in paragraph 8 of Section 6 of this document. These agreements have been published on 21st Century Fox's transaction microsite at [www.21cf-offer-for-Sky.com](http://www.21cf-offer-for-Sky.com).

## 17. Regulatory approvals and Conditions

The Acquisition is subject to the Conditions and further terms set out in Section 2 of this document. In particular, the Acquisition is conditional, among other things, on valid acceptances being received by no later than 1.00 p.m. (London time) on 17 September 2018 (or such later time(s) and/or date(s) as 21st Century Fox may, with the consent of the Panel or in accordance with the City Code, decide) in respect of Sky Shares which represent, in aggregate, not less than 75 per cent. of the Sky Shares to which the Offer relates (as construed in accordance with Chapter 3 of Part 28 of the Companies Act), but 21st Century Fox has reserved the right to reduce such acceptance condition provided that this condition shall not be satisfied unless 21st Century Fox and/or any of its wholly-owned subsidiaries have acquired, or have agreed to acquire, pursuant to the Offer or otherwise, Sky Shares which, together with the Sky Shares already held by 21st Century Fox and its wholly-owned subsidiaries, carry in aggregate more than 50 per cent. of the voting rights of Sky. This Acceptance Condition is not waivable by 21st Century Fox. Sky Shareholders who have accepted the Offer will not be able to withdraw their acceptances after the date on which the Offer becomes or is declared unconditional as to acceptances.

The Acquisition was initially subject to the pre-conditions and conditions set out in the Original Offer Announcement. Since the publication of the Original Offer Announcement, the Acquisition has been approved by the Jersey Competition Regulatory Authority (on 10 April 2017), the Italian Communications Authority (on 15 March 2017), the relevant German media authorities (the state media authorities in Bavaria (on 24 April 2017), and in Hamburg and Schleswig-Holstein (on 28 March 2017), following a decision by the German Commission for the Assessment of Concentration in the Media Sector (KEK) (on 14 March 2017)) and the Irish Minister for Communications, Climate Action and Environment (on 23 June 2017). The Austrian Federal Competition Authority has declared that neither the Federal Competition Authority nor the Federal Cartel Attorney has requested an investigation of the Acquisition and that the prohibition on the implementation of the Acquisition under the Austrian Cartel Act ceased to apply with effect from 1 April 2017. On 7 April 2017, the European Commission decided that the Acquisition is compatible with the internal market pursuant to Article 6(1)(b) of the EU Merger Regulation.

On 12 July 2018, the UK Secretary of State announced that he had approved the Acquisition subject to the Undertakings accepted under paragraph 9 of Schedule 2 of the Enterprise Act 2002 (Protection of Legitimate Interests) Order 2003. On the same day, 21st Century Fox announced that it had waived, with the written consent of the Independent Committee, the element of the pre-condition concerning approval of the UK Secretary of State which required the expiry of the time limit within which an application to the CAT may be made, meaning that all pre-conditions to the Acquisition had been satisfied or waived.

### *The Undertakings*

In connection with seeking clearance from the Secretary of State in respect of the Acquisition, 21st Century Fox has given certain undertakings to the Secretary of State in respect of Sky News (the **Undertakings**). 21st Century Fox has agreed with the Secretary of State that it will, following completion of the Acquisition, procure the incorporation of a new, wholly-owned subsidiary of Sky (**NewCo**) and 21st Century Fox shall cause the Sky News business to be transferred as a going concern, and on a cash-free, debt-free basis, to NewCo to enable NewCo to conduct the Sky News business (the **Sky News Business Transfer**). NewCo shall only assume ordinary course operational liabilities.

NewCo shall maintain a Sky-branded news service that will abide by the principle of editorial independence and integrity in news reporting and shall comply with the Ofcom Broadcasting Code. NewCo shall have its



own independent board, comprised of between five and seven independent directors (who are independent of 21CF, News Corp, any member of the Murdoch family or companies controlled by the Murdoch family), which shall have the authority to make all strategic and operational decisions. The board shall be chaired by an independent director with senior editorial and/or journalistic experience and shall only be quorate if an independent director with senior editorial and/or journalistic expertise is present.

Sky News shall operate in accordance with its revised editorial guidelines. The head of Sky News shall retain complete operational and editorial control over all news and current affairs output. Subject to general compliance procedures and oversight, instructions to all Sky News editorial staff, including journalists, shall be given by the head of Sky News or by those to whom the head of Sky News has delegated authority.

21st Century Fox has agreed with Disney that Sky shall sell the entire issued share capital of NewCo to Disney (the **Sky News Divestment**) within a specified time period after the completion of the Acquisition. The Sky News Divestment is conditional on: (i) the Effective Date occurring; (ii) the Sky News Business Transfer completing; and (iii) relevant regulatory approvals that Disney requires to acquire NewCo and the Sky News business being obtained. Disney has agreed that, for fifteen years after the Sky News Divestment, it shall keep the corporate governance structure of NewCo and ensure that NewCo maintains a Sky-branded news service that will abide by the principle of editorial independence and integrity in news reporting and shall comply with the Ofcom Broadcasting Code.

21st Century Fox shall pay to NewCo an annual lump sum every year for fifteen years from the date of the Sky News Divestment (the **NewCo Funding**), subject to a reduction to reflect the actual amount of revenue received or generated by NewCo in the relevant financial year.

Disney has undertaken to maintain the operating investment in NewCo at an agreed level (plus inflation) for fifteen years from the date of the Sky News Divestment, conditional upon NewCo receiving the NewCo Funding.

Within three business days of the Undertakings being effective, 21st Century Fox nominated an independent monitoring trustee (the **Monitoring Trustee**) to be approved by the Secretary of State. The Monitoring Trustee shall act on behalf of the Secretary of State to monitor 21st Century Fox's compliance with the Undertakings provided by 21st Century Fox to the Secretary of State. The Monitoring Trustee shall report to the Secretary of State and the CMA if it concludes on reasonable grounds that the Undertakings have been breached.

21st Century Fox has also given undertakings in respect of the Sky News business in respect of the period before the Sky News Divestment, including, but not limited to, 21st Century Fox ensuring that from the Effective Date until the date of the Sky News Divestment:

- the Sky News business is maintained as a going concern and sufficient resources are made available by 21st Century Fox for the continuation of the Sky News business; and
- no employee or officer of 21st Century Fox or any member of the 21st Century Fox board will influence or attempt to influence the editorial decisions of the Sky News business or the editorial choices made by the head of Sky News or the head of Sky News' delegates.

If 21st Century Fox considers the Sky News Divestment is unlikely to take place within the specified time, Sky shall notify the Secretary of State and inform the Secretary of State whether it intends to discuss the transfer of NewCo to an alternative potential purchaser. If the Secretary of State considers that the Sky News Divestment is unlikely to occur or the Sky News Divestment has not occurred within the agreed, specified period, the Secretary of State may issue directions to 21st Century Fox to appoint a divestiture trustee whose mandate shall be to sell NewCo. Any alternative purchaser of NewCo must be approved by the Secretary of State.

The Undertakings referred to above are not "post-offer undertakings" for the purpose of Rule 19.5 of the City Code.

## **18. Procedure for acceptance of the Offer**

### ***Sky Shareholders***

Sky Shareholders who hold their Sky Shares in certificated form (that is, not in CREST) should read paragraph 18.1 of this letter entitled "Sky Shares held in certificated form (i.e. not in CREST)" together with the Form of Acceptance and Part C and Part D of Section 2 of this document. The instructions on the Form of Acceptance are deemed to form part of the terms of the Offer for Sky Shareholders that hold their Sky Shares in certificated form.



Sky Shareholders who hold their Sky Shares in uncertificated form (that is, in CREST) should read paragraph 18.2 entitled “Sky shares held in uncertificated form (i.e. in CREST)” together with the provisions of Part C and Part E of Section 2 of this document. If you hold Sky Shares in both certificated and uncertificated form, you should complete a Form of Acceptance for the shares held in certificated form in accordance with paragraph 18.1 below and the Sky Shares held in uncertificated form should be dealt with in accordance with paragraph 18.2 below.

### ***Sky ADR holders***

The Offer is not being extended to holders of Sky ADRs. Sky ADR Holders who wish to participate in the Offer may do so by consulting BNY Mellon, as the depository of the Sky ADR programme on how to exchange their Sky ADRs and receive the underlying Sky Shares. You should refer to the terms of the Deposit Agreement relating to the Sky ADR programme to determine your rights to instruct BNY Mellon, as the depository for the Sky ADR programme, in relation to the Sky ADRs. If you are a holder of Sky ADRs and wish to participate directly in the Offer (assuming you would be eligible to participate if you were to hold Sky Shares directly), you should contact either BNY Mellon, or if you hold the Sky ADRs through a broker or other securities intermediary, that broker or intermediary, in each case to determine the date by which you must instruct them to act in order that any necessary processing can be completed in time.

Any necessary processing in respect of the underlying Sky Shares must be contemplated so that any acceptances of the Offer in respect of such Sky Shares in accordance with the procedures and time periods set out in this paragraph 18 and Part C and either Part D or Part E, as applicable, of Section 2 of this document are received by 1.00 p.m. (London time) on 17 September 2018.

BNY Mellon’s contact details are:

- Contact: BNYM Settlement Group
- Email: drsettlements@bnymellon.com
- Tel: +1 305 388 8001

If you are in any doubt as to the procedures for acceptance, please contact Computershare on 0800 923 1519 (from within the UK) or +44 117 378 8270 (from outside the UK). The helpline is open between 9.00 a.m. and 5.00 p.m. (London time), Monday to Friday, excluding public holidays in England and Wales. Calls to the helpline from outside the UK will be charged at the applicable international rate. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

## **18.1 Sky Shares held in certificated form (i.e. not in CREST)**

### **(a) Completion of the Form of Acceptance**

To accept the Offer in respect of Sky Shares held in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. You should complete separate Forms of Acceptance for Sky Shares held in certificated form but under different designations. If you have any queries as to how to complete the Form of Acceptance, please telephone the Receiving Agent on 0800 923 1519 (from within the UK) or +44 117 378 8270 (if calling from outside the UK). The helpline is open between 9.00 a.m. and 5.00 p.m., Monday to Friday, excluding public holidays in England and Wales. Calls to the helpline from outside the UK will be charged at the applicable international rate. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. **Additional Forms of Acceptance are available from the Receiving Agent upon request.**

- (i) To accept the Offer in respect of all of your Sky Shares in certificated form – you must complete Box 2 and sign Box 3 of the enclosed Form of Acceptance. In all cases, if you are an individual, you must sign Box 3 on the Form of Acceptance in the presence of a witness who should also sign in accordance with the instructions printed on it. Any Sky Shareholder which is a company should execute Box 3 of the Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 2 of the Form of Acceptance, or if you insert in Box 2 a number which is greater than the number of Sky Shares that you hold or you insert “ALL” or any other word or marking in Box 2, and you have signed Box 3, your acceptance will be deemed to be in respect of all the Sky Shares held by you in certificated form.

- (ii) To accept the Offer in respect of less than all of your Sky Shares in certificated form – you must insert in Box 2 of the Form of Acceptance the number of Sky Shares in respect of which you wish to accept the Offer in accordance with the instructions printed on it. You should then follow the procedures set out in paragraphs 18.1(b) and 18.1(c) in respect of such lesser number of Sky Shares.

**(b) Return of the Form of Acceptance**

To accept the Offer in respect of Sky Shares held in certificated form, your completed, signed and witnessed (where applicable) Form of Acceptance should be returned (together with the relevant share certificate(s) and/or other document(s) of title) either by post to Computershare Investor Services PLC at Corporate Actions 1, Bristol, BS99 6AF or (during normal business hours only) by hand to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS13 8AE as soon as possible **and in any event so as to be received no later than 1.00 p.m. (London time) on 17 September 2018.**

A reply paid envelope for use in the UK only is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope postmarked in or otherwise appearing to 21st Century Fox or its agents to have been sent from any Restricted Jurisdiction may be rejected as an invalid acceptance of the Offer. For further information on Overseas Shareholders, see paragraph 14 above.

**(c) Share certificates not readily available or lost**

If your Sky Shares are held in certificated form, a completed, signed and (where applicable) witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If your share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, the Form of Acceptance should nevertheless be completed, signed and returned, as stated above in this paragraph 18, so as to be received by the Receiving Agent by no later than 1.00 p.m. on 17 September 2018. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title that you have available, accompanied by a letter stating that the remaining document(s) will follow or that you have lost one or more of your share certificate(s) and/or other documents of title. You should then arrange for the relevant outstanding share certificate(s) and/or other document(s) of title to be forwarded as soon as possible thereafter. No acknowledgement of receipt of documents will be given. In the case that you have lost your share certificate(s) and/or other documents of title, you should write as soon as possible to Sky's registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or telephone Equiniti Limited on 0371 384 2091 (from within the UK) or +44 (0) 121 415 7567 (from outside the UK) requesting a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post or by hand to the Receiving Agent at the address set out above.

**(d) Validity of acceptances**

Without prejudice to Part C and Part D of Section 2 of this document, 21st Century Fox reserves the right, subject to the terms of the Offer and the City Code, to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title or which is received by it in a form or at a place or places other than as set out in this document or the relevant Form of Acceptance. In that event, no payment of cash under the Offer will be made until after the acceptance is entirely in order or the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to 21st Century Fox have been received.

**18.2 Sky Shares held in uncertificated form (i.e. in CREST)**

**(a) General**

If your Sky Shares are in uncertificated form, to accept the Offer you should take (or procure to be taken) the action set out below to transfer the Sky Shares in respect of which you wish to accept the

Offer to an escrow balance (that is, issue a TTE Instruction), specifying the Receiving Agent as the Escrow Agent, as soon as possible and **in any event so that the TTE Instruction settles no later than 1.00 p.m. on 17 September 2018**. Note that settlement cannot take place on weekends or public holidays (or other times at which the CREST system is non-operational) – you should therefore ensure you time the input of any TTE Instruction(s) accordingly.

If you hold Sky Shares in uncertificated form, but under different member account IDs you should complete a separate TTE Instruction in respect of each member account ID.

If you hold Sky Shares in uncertificated form through one or more intermediaries, such as a stockbroker, custodian bank or clearing system, you should confirm the instruction deadline which such intermediaries have established to accept the Offer on your behalf. The custodian bank or stockbroker may set an earlier deadline for receiving instructions from you in order to permit the custodian bank or stockbroker to communicate acceptances to the Receiving Agent in a timely manner. In order for acceptances to be counted towards the acceptance condition, you may need to take action well in advance of the announced deadline for acceptance.

The input and settlement of a TTE Instruction in accordance with this paragraph 18 will (subject to satisfying the requirements set out in Part C and Part E of Section 2 of this document) constitute an acceptance of the Offer in respect of the number of Sky Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Sky Shares are held. In addition, only your CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to your Sky Shares.

After settlement of the TTE Instruction, you will not be able to access the Sky Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the Sky Shares concerned to 21st Century Fox in accordance with Part E of Section 2 of this document.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined below.

**You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Sky Shares to settle before 1.00 p.m. on 17 September 2018. In this regard, you are referred in particular to those Parts of the CREST Manual concerning practical limitations of the CREST system and timings.**

21st Century Fox will make an appropriate announcement if any of the details contained in this paragraph 18.2 alter for any reason that is material to Sky Shareholders.

**(b) To accept the Offer**

To accept the Offer in respect of Sky Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear in relation to such Sky Shares. A TTE Instruction must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:

- ISIN number for the Sky Shares (which is GB0001411924);
- the number of Sky Shares in respect of which you wish to accept the Offer (i.e. the number of Sky Shares to be transferred to an escrow balance);
- your member account ID;
- your participant ID;
- the participant ID of the Escrow Agent (this is 3RA52);
- the member account ID of the Escrow Agent for the Offer (this is SKYFOX01);
- the intended settlement date (this should be as soon as possible and in any event not later than 1.00 p.m. on 17 September 2018);

- the corporate action number for the Offer (this is allocated by Euroclear and can be found by reviewing the relevant corporate action details in CREST);
- input with standard TTE Instruction of priority 80; and
- your name and contact telephone number in the shared note field.

**(c) Validity of acceptances**

Holders of Sky Shares in uncertificated form who wish to accept the Offer should note that a TTE Instruction will only be a valid acceptance of that Offer as at the relevant closing date if it has settled on or before 1.00 p.m. (London time) on that date. A Form of Acceptance which is received in respect of Sky Shares held in uncertificated form will not constitute a valid acceptance and will be disregarded.

**(d) Deposit of Sky Shares into, and withdrawals of Sky Shares from, CREST**

Normal CREST procedures (including timings) apply in relation to any Sky Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Sky Shares or otherwise). Sky Shareholders who are proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Sky Shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) before 1.00 p.m. on 17 September 2018.

**19. Settlement**

Subject to the Offer becoming or being declared unconditional in all respects (except as provided in paragraph 8 of Part C of Section 2 of this document in the case of certain Overseas Shareholders), settlement of the consideration to which any validly accepting Sky Shareholder (or the first-named shareholder in the case of joint holders) is entitled under the Offer will be effected:

- (a) in the case of acceptances of the Offer received complete in all respects by the date on which the Offer becomes or is declared unconditional in all respects, within 14 calendar days of such date; and
- (b) in the case of acceptances of the Offer received complete in all respects after the date on which the Offer becomes or is declared unconditional in all respects but while it remains open for acceptance, within 14 calendar days of such receipt, in the following manner:

**(i) Sky Shares in certificated form (i.e. not in CREST)**

Where an acceptance relates to Sky Shares in certificated form, settlement of any cash due will be dispatched by first class post (or by such other method as the Panel may approve) to accepting Sky Shareholders or their appointed agents (but not in or into any Restricted Jurisdiction). All such payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

**(ii) Sky Shares in uncertificated form (i.e. in CREST)**

(I) Where an acceptance relates to Sky Shares in uncertificated form, settlement of any Acquisition Consideration to which the accepting Sky Shareholder is entitled will be effected by means of CREST by 21st Century Fox procuring the creation of an assured payment obligation in favour of the accepting Sky Shareholder's bank in respect of the Acquisition Consideration due, in accordance with the CREST assured payment arrangements.

(II) 21st Century Fox reserves the right to settle all or any part of the consideration referred to in this sub-paragraph (ii), for all or any accepting Sky Shareholder(s), in the manner referred to in sub-paragraph (i) above, if, for any reason, it wishes to do so.

**20. General**

If the Offer does not become or is not declared unconditional in all respects:

- (a) in the case of Sky Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or such other method as may be approved by

the Panel), within 14 calendar days of the Offer lapsing, to the person or agent whose name and address (outside any Restricted Jurisdiction) is set out in the Form of Acceptance or, if none is set out, to the first named or sole holder at his/her registered address (provided that no such documents will be sent to an address in a Restricted Jurisdiction); and

- (b) in the case of Sky Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period, not exceeding 14 calendar days after the Offer lapses, as the Panel may approve), give instructions to Euroclear to transfer all relevant Sky Shares held in escrow balances in CREST and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Sky Shareholders concerned.

All communications, notices, certificates, documents of title and remittances delivered or sent by, to or from Sky Shareholders or their appointed agents will be delivered or sent at their own risk.

## **21. Further information**

You should read the whole of this document and not rely solely on the information contained in this letter. Your attention is also drawn, if your Sky Shares are in certificated form, to the accompanying Form of Acceptance, which should be read in conjunction with this document.

A copy of this document (and all information incorporated into this document by reference to another source) is and will be available free of charge, subject to certain restrictions relating to Sky Shareholders in Restricted Jurisdictions, for inspection on 21st Century Fox's website at [www.21cf-offer-for-Sky.com](http://www.21cf-offer-for-Sky.com).

**To accept the Offer in respect of certificated Sky Shares, the Form of Acceptance should be completed, signed and returned, together with your share certificates and any other documents of title as soon as possible, and in any event, so as to be received no later than 1.00 p.m. (London time) on 17 September 2018.**

**Acceptance for uncertificated shares should be made electronically through CREST so that the TTE Instruction settles as soon as possible and, in any event, no later than 1.00pm (London time) on 17 September 2018.**

Yours faithfully,

**21st Century Fox, Inc.**

## SECTION 2

### CONDITIONS TO AND FURTHER TERMS OF THE OFFER

#### Part A: Conditions to the Acquisition

The Offer complies with the City Code, is governed by English Law and is subject to the exclusive jurisdiction of the English courts. The Offer is being made on the terms and subject to the conditions set out in this Section 2 and, in the case of Sky Shares in certificated form, in the Form of Acceptance.

#### Conditions

The Offer is subject to the following Conditions:

#### Acceptance condition

- (a) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by no later than 1.00 p.m. (London time) on 17 September 2018 (or such later time(s) and/or date(s) as 21st Century Fox may, with the consent of the Panel or in accordance with the City Code, decide) in respect of not less than 75 per cent. of the Sky Shares to which the Offer relates (or such lower percentage of Sky Shares as 21st Century Fox may, subject to the City Code, decide), provided that this condition shall not be satisfied unless 21st Century Fox and/or any of its wholly-owned subsidiaries have acquired, or agreed to acquire, pursuant to the Offer or otherwise, Sky Shares which, together with the Sky Shares already held by 21st Century Fox and its wholly-owned subsidiaries, carry in aggregate more than 50 per cent. of the voting rights of Sky and, for the purposes of this condition:
  - (i) Sky Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on issue;
  - (ii) valid acceptances shall be deemed to have been received in respect of Sky Shares which are treated for the purposes of Part 28 of the Companies Act as having been acquired or contracted to be acquired by 21st Century Fox, whether by virtue of acceptance of the Offer or otherwise;
  - (iii) the expression “Sky Shares to which the Offer relates” should be construed in accordance with Chapter 3 of Part 28 of the Companies Act; and
  - (iv) all percentages of voting rights and share capital are to be calculated by reference to the percentage held and in issue outside treasury;

#### Regulatory Approvals

- (b) in respect of the European intervention notice issued by the Secretary of State under section 67 of the Enterprise Act 2002 and the Secretary of State’s decision to approve the Acquisition (subject to the Undertakings) pursuant to paragraph 9 of Schedule 2 of the Enterprise Act 2002 (Protection of Legitimate Interests) Order 2003:
  - (i) the expiry of the time limit within which an application may be made to the CAT for the setting aside of such a decision without such an application having been made; or
  - (ii) if any such application or applications has or have been made, the dismissal of such application or applications by the CAT and it being established in terms satisfactory to 21st Century Fox that no further appeal has been or will be made against any relevant ruling of the CAT;
- (c) if approval from a Relevant Authority is required for, or a Relevant Authority decides to review, the Acquisition or any matter arising from or related to the Acquisition other than as specifically addressed by Condition (b) above:
  - (i) it being established in terms satisfactory to 21st Century Fox that such Relevant Authority approves or will permit the Acquisition to proceed on terms satisfactory to 21st Century Fox; and
  - (ii) all relevant time periods for appeals or applications for review of such decision by the Relevant Authority having expired or, if any such appeals or applications are made, the dismissal of the appeals or applications in terms satisfactory to 21st Century Fox and it being established in terms satisfactory to 21st Century Fox that no further appeal has been or will be made against any relevant ruling;



## General Third Party Clearances

- (d) the waiver (or non-exercise within any applicable time limits) by any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a **Third Party**) of any termination right, right of pre-emption, first refusal or similar right (which is material in the context of the Wider Sky Group taken as a whole) arising as a result of or in connection with the Acquisition including, without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, Sky by 21st Century Fox or any member of the 21st Century Fox Group;
- (e) other than in relation to the competition law and regulatory approvals referred to in paragraphs (b) and (c) above, no Third Party having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having taken any other steps which would or might reasonably be expected to:
- (i) require, prevent or delay the divestiture, or alter the terms envisaged for any proposed divestiture by any member of the Wider 21st Century Fox Group or any member of the Wider Sky Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which in any such case would be material in the context of the Wider Sky Group taken as a whole;
  - (ii) require, prevent or delay the divestiture by any member of the Wider 21st Century Fox Group of any shares or other securities in Sky;
  - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider 21st Century Fox Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Sky Group or the Wider 21st Century Fox Group or to exercise management control over any such member, in each case, to an extent which is material;
  - (iv) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider 21st Century Fox Group or of any member of the Wider Sky Group;
  - (v) make the Acquisition or its implementation or the acquisition or proposed acquisition by 21st Century Fox or any member of the Wider 21st Century Fox Group of any shares or other securities in, or control of Sky void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose material additional conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;
  - (vi) require any member of the Wider 21st Century Fox Group or the Wider Sky Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Sky Group or the Wider 21st Century Fox Group owned by any third party where such acquisition would be material in the context of the Wider Sky Group taken as a whole or, as the case may be, the Wider 21st Century Fox Group taken as a whole;
  - (vii) impose any limitation on the ability of any member of the Wider Sky Group to co-ordinate its business, or any part of it, with the businesses of any other members; or
  - (viii) result in any member of the Wider Sky Group ceasing to be able to carry on business under any name under which it presently does so,
- and all applicable waiting and other time periods during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Acquisition or the acquisition or proposed acquisition of any Sky Shares having expired, lapsed or been terminated;
- (f) in addition to the competition law and regulatory approvals referred to in paragraphs (b) and (c) above, all necessary filings or applications having been made in connection with the Acquisition and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Acquisition or the acquisition by any member of the Wider 21st Century Fox Group of any shares or other securities in, or control of, Sky and all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals or the proposed acquisition of any shares or other securities in, or control of, Sky by any member of the Wider 21st Century Fox Group having been obtained in terms and in a

form satisfactory to 21st Century Fox from all appropriate Third Parties or persons with whom any member of the Wider Sky Group has entered into contractual arrangements and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals together with all authorisations orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider Sky Group remaining in full force and effect and all filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Acquisition becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

**Certain matters arising as a result of any arrangement, agreement etc.**

(g) except as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Sky Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which in consequence of the Acquisition or the proposed acquisition of any shares or other securities in Sky or because of a change in the control or management of Sky or otherwise, could or might reasonably be expected to result in to an extent which is material in the context of the Wider Sky Group as a whole, or in the context of the Acquisition:

- (i) any moneys borrowed by or any other indebtedness (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or modified or affected or any obligation or liability arising or any action being taken or arising thereunder;
- (iii) any assets or interests of any such member being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged other than in the ordinary course of business;
- (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member;
- (v) the rights, liabilities, obligations or interests of any such member in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
- (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;
- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so; or
- (viii) the creation of any liability, actual or contingent, by any such member,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Sky Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this condition;

**No material transactions, claims or changes in the conduct of the business of the Sky Group**

(h) except as Disclosed, no member of the Wider Sky Group having, since 30 June 2016:

- (i) save as between Sky and wholly-owned subsidiaries of Sky or for Sky Shares issued pursuant to the exercise of options or vesting of awards granted under the Sky Share Plans, issued, authorised or proposed the issue of additional shares of any class;
- (ii) save as between Sky and wholly-owned subsidiaries of Sky or for the grant of options and awards under the Sky Share Plans, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;

- (iii) other than to another member of the Sky Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise;
- (iv) save for intra-Sky Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business;
- (v) save for intra-Sky Group transactions, made or authorised or proposed or announced an intention to propose any material change in its loan capital;
- (vi) issued, authorised or proposed the issue of any debentures or (save for intra-Sky Group transactions), save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability;
- (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (viii) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business or entered into or changed the terms of any contract with any director or senior executive;
- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or could be restrictive on the businesses of any member of the Wider Sky Group or the Wider 21st Century Fox Group or which involves or could involve an obligation of such a nature or magnitude or which is other than in the ordinary course of business and which, in any such case, is material in the context of the Wider Sky Group taken as a whole;
- (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed;
- (xi) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider Sky Group or the Wider 21st Century Fox Group other than to a nature and extent which is normal in the context of the business concerned;
- (xii) waived or compromised any claim otherwise than in the ordinary course of business and which is material in the context of the Wider Sky Group taken as a whole;
- (xiii) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition and which is material in the context of the Wider Sky Group;
- (xiv) having made or agreed or consented to any change to:
  - (A) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider Sky Group for its directors, employees or their dependents;
  - (B) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made;
- (xv) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by

the Wider Sky Group and in each case which is material in the context of the Wider Sky Group taken as a whole; or

- (xvi) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Sky Shareholders in a general meeting in accordance with, or as contemplated by, Rule 21.1 of the City Code,

and, for the purposes of paragraphs (iii), (iv), (v) and (vi) of this condition, the term **Sky Group** shall mean Sky and its wholly-owned subsidiaries;

**No adverse change, litigation or regulatory enquiry**

- (i) except as Disclosed, since 30 June 2016:
  - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Wider Sky Group which is material in the context of the Wider Sky Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Sky Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the Wider Sky Group having been instituted announced or threatened by or against or remaining outstanding in respect of any member of the Wider Sky Group which is material in the context of the Wider Sky Group taken as a whole;
  - (iii) no contingent or other liability having arisen or become apparent to 21st Century Fox which would be likely to materially and adversely affect any member of the Wider Sky Group, taken as a whole; and
  - (iv) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Sky Group which is necessary for the proper carrying on of its business;

**No discovery of certain matters**

- (j) save as Disclosed, 21st Century Fox not having discovered:
  - (i) that any financial, business or other information concerning the Wider Sky Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider Sky Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not materially misleading;
  - (ii) that any member of the Wider Sky Group partnership, company or other entity in which any member of the Wider Sky Group has a significant economic interest and which is not a subsidiary undertaking of Sky is subject to any liability (contingent or otherwise) which is not disclosed in the annual report and accounts of Sky for the year ended 30 June 2016; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider Sky Group and which is material in the context of the Wider Sky Group;
- (k) 21st Century Fox not having discovered that:
  - (i) any past or present member of the Wider Sky Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, or that there has otherwise been any such storage, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which storage, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) on the part of any member of the Wider Sky Group; or
  - (ii) there is, or is likely to be, for that or any other reason whatsoever, any liability (actual or contingent) of any past or present member of the Wider Sky Group to make good, repair, reinstate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider Sky Group, under any environmental legislation, regulation, notice,

circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction; and

**Anti-corruption, sanctions and criminal property**

- (l) save as Disclosed, 21st Century Fox not having discovered that:
- (i) (a) any past or present member, director, officer or employee of the Wider Sky Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the U.S. Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation or (b) any person that performs or has performed services for or on behalf of the Wider Sky Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the U.S. Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation;
  - (ii) any asset of any member of the Wider Sky Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
  - (iii) any past or present member, director, officer or employee of the Sky Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (a) any government, entity or individual in respect of which U.S. or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by U.S. or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury in the UK; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states; or
  - (iv) no member of the Sky Group being engaged in any transaction which would cause 21st Century Fox to be in breach of any law or regulation upon its acquisition of Sky, including the economic sanctions of the United States Office of Foreign Assets Control, or HM Treasury in the UK, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states.

**Part B: Waiver and invocation of Conditions**

1. To the extent permitted by law and subject to the requirements of the Panel, 21st Century Fox reserves the right to waive, in whole or in part, all or any of the Conditions in Part A of this Section 2, except for Condition (a) which cannot be waived.
2. Except with the consent of the Panel, the Offer will lapse unless all of the Conditions set out in Part A of this Section 2 have been fulfilled or, where permitted, waived or, where appropriate, have been determined by 21st Century Fox to be or remain satisfied, by midnight (London time) on the 21st day after the later of (i) the First Closing Date; and (ii) the date on which the Offer becomes or is declared unconditional as to acceptances (or, in each case, such later date as 21st Century Fox may determine, with the consent of the Panel).
3. 21st Century Fox shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions set out in Part A of this Section 2 by a date earlier than the latest date specified above in paragraph 2 of this Part B for the fulfilment or waiver thereof, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
4. If 21st Century Fox is required by the Panel to make an offer for Sky Shares under the provisions of Rule 9 of the City Code, 21st Century Fox may make such alterations to any of the Conditions as are necessary to comply with the provisions of that Rule.



## **Part C: Further terms of the Offer**

Except where the context requires otherwise, any reference in this document and in the Form of Acceptance to:

- (a) the Offer becoming “**unconditional as to acceptances**” means the Offer being or becoming or being declared unconditional as to acceptances by virtue of the Acceptance Condition having become or been declared fulfilled, whether or not any other Condition remains to be satisfied;
- (b) the Offer becoming “**unconditional in all respects**” means the Offer being or becoming or being declared unconditional in all respects;
- (c) “**acceptance of the Offer**” includes deemed acceptances of the Offer;
- (d) “**Day 39**” means 15 September 2018 (or such other date as 21st Century Fox may decide with the agreement of the Panel);
- (e) “**Day 46**” means 22 September 2018 (or such other date as 21st Century Fox may decide with the agreement of the Panel);
- (f) “**Day 60**” means 6 October 2018 (or such other date as 21st Century Fox may decide with the agreement of the Panel); and
- (g) “**Day 70**” means 16 October 2018 (or such other date as 21st Century Fox may decide with the agreement of the Panel).

The following further terms apply, unless the context requires otherwise, to the Offer:

### **1. Acceptance Period**

- (a) The Offer will initially be open for acceptance until 1.00 p.m. on 17 September 2018. 21st Century Fox reserves the right (but will not be obliged, other than as may be required by the City Code) at any time and from time to time to extend the Offer after such time and, in such event, it will make an announcement of such extension in the manner described in paragraph 2 of this Part C and give oral or written notice of such extension to the Receiving Agent.
- (b) If the Offer is revised, the Offer will, subject to paragraph 4(g) of this Part C, remain open for acceptance for a period of at least 14 days (or such other period as may be permitted by the Panel and in each case provided such period complies with the requirements of Rule 14e-1 under the U.S. Exchange Act) from the date on which 21st Century Fox publishes the revised offer documentation. Except with the Panel’s consent, no revision of the Offer may be made or revised offer documentation published after Day 46 or, if later, the date which is 14 days before the last date on which the Offer can become unconditional as to acceptances.
- (c) The Offer, whether revised or not, shall not (except with the consent of the Panel or as otherwise permitted by the City Code) be capable of becoming unconditional as to acceptances after midnight on Day 60 (or any other time and/or date beyond which 21st Century Fox has stated that the Offer will not be extended and in respect of which it has not, where permitted, withdrawn that statement), nor of being kept open for acceptance after that time and/or date unless it has previously become unconditional as to acceptances. Unless the Panel agrees otherwise, if the Offer has not become unconditional as to acceptances at such time (taking account of any permitted extension of the Offer), the Offer will lapse. If the Offer lapses for any reason, the Offer will cease to be capable of further acceptance and 21st Century Fox and Sky Shareholders will cease to be bound by prior acceptances. 21st Century Fox reserves the right, with the permission of the Panel, to extend the time for the Offer to become unconditional as to acceptances to any later time(s) and/or date(s).
- (d) Except with the consent of the Panel, for the purpose of determining at any particular time whether the Acceptance Condition is satisfied, 21st Century Fox may only take into account acceptances received, or purchases of Sky Shares made, in respect of which relevant documents and/or TTE Instructions are received by the Receiving Agent:
  - (i) by 1.00 p.m. on Day 60 (or any other time and/or date beyond which 21st Century Fox has stated that the Offer will not be extended and in respect of which it has not, where permitted, withdrawn that statement); or
  - (ii) if the Offer is extended with the consent of the Panel, such later time(s) and/or date(s) as 21st Century Fox may, with the permission of the Panel, determine.

If the latest time at which the Offer may become unconditional as to acceptances is extended beyond midnight on Day 60, acceptances received and purchases made in respect of which the relevant documents have been received by the Receiving Agent after 1.00 p.m. on the relevant date may (except where the City Code otherwise permits) only be taken into account with the agreement of the Panel.

- (e) If the Offer becomes unconditional as to acceptances, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional as to acceptances and it is stated by or on behalf of 21st Century Fox that the Offer will remain open until further notice or if the Offer will remain open for acceptance beyond Day 70, then not less than 14 days' notice in writing will be given by or on behalf of 21st Century Fox prior to the closing of the Offer to those Sky Shareholders who have not accepted the Offer.
- (f) If a competitive situation arises or further develops (as determined by the Panel) after 21st Century Fox has made a "no extension" statement and/or a "no increase" statement (as referred to in the City Code) in relation to the Offer, 21st Century Fox may, if it specifically reserved the right to do so at the time such statement was made (or otherwise with the Panel's consent), choose not to be bound by and withdraw such statement and to extend and/or revise the Offer provided that it complies with the requirements of the City Code and, in particular, that:
  - (i) it announces the withdrawal and that it is free to extend or revise the Offer (as appropriate) as soon as possible and in any event within four Business Days of the firm announcement of the competing offer or other competitive situation;
  - (ii) it sends a notice to Sky Shareholders (and persons with information rights) at the earliest opportunity to that effect or, in the case of Sky Shareholders with registered addresses outside the UK or whom 21st Century Fox reasonably believes to be a nominee, trustee, agent or custodian holding Sky Shares for such persons, by announcement in the UK; and
  - (iii) any Sky Shareholder who accepted the Offer after the date of the "no extension" or "no increase" statement is given a right of withdrawal in accordance with paragraph 3(d) of this Part C.
- (g) 21st Century Fox may, if it specifically reserved the right to do so at the time the statement was made (or otherwise with the consent of the Panel), choose not to be bound by the terms of a "no extension" or "no increase" statement and may publish an increased or improved offer (either as to the value or form of the consideration or otherwise) if it is recommended for acceptance by the Independent Committee, or in any other circumstance permitted by the Panel.
- (h) If Sky announces material new information of the kind referred to in Rule 31.9 of the City Code after Day 39, 21st Century Fox may choose not to be bound by a "no extension" statement and/or a "no increase" statement if it specifically reserved the right to do so at the time such statement was made (or otherwise with the consent of the Panel) and to be free to revise and/or extend the Offer, if permitted by the Panel, provided that it:
  - (i) announces the withdrawal and that it is free to extend or revise the Offer (as appropriate) as soon as possible and in any event within four Business Days after the date of announcement by Sky; and
  - (ii) sends a notice to Sky Shareholders (and persons with information rights) at the earliest opportunity to that effect or, in the case of Sky Shareholders with registered addresses outside the UK or whom 21st Century Fox reasonably believes to be a nominee, trustee, agent or custodian holding Sky Shares for such persons, by announcement in the UK.
- (i) If a competitive situation arises or further develops (as determined by the Panel) and is continuing on the Business Day immediately preceding Day 60, 21st Century Fox will enable holders of Sky Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by a special form of acceptance to take effect on Day 60 (or such other date as agreed with the Panel). The special form of acceptance shall constitute a valid acceptance of the Offer provided that:
  - (i) it is received by the Receiving Agent on or before Day 60 (or such other date as agreed with the Panel);
  - (ii) the relevant Sky Shareholder shall have applied to withdraw his acceptance of the competing offer but that the Sky Shares to which such withdrawal relates shall not have been released from escrow by the escrow agent to the competing offer before Day 60 (or such other date as agreed with the Panel); and
  - (iii) the Sky Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in the letter from 21st Century Fox in Section 1 of this document on or before Day 60, but an undertaking is given that they will be so transferred as soon as possible thereafter.

Sky Shareholders wishing to use such special forms of acceptance should apply to the Receiving Agent on 0800 923 1519 (or +44 117 378 8270, if telephoning from outside the UK). The helpline is open between 9.00 a.m. and 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. Notwithstanding the right to use such special form of acceptance, holders of Sky Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

## 2. Announcements

- (a) Without prejudice to paragraph 3(b) of this Part C, by 8.00 a.m. on the next Business Day (the “**relevant day**”) following the day on which the Offer is due to expire, or becomes or is declared unconditional as to acceptances, or is revised or extended, as the case may be (or such later time(s) or date(s) as the Panel may agree), 21st Century Fox will make an appropriate announcement through a Regulatory Information Service. Such announcement will state (unless otherwise permitted by the Panel):
- (i) the total number of Sky Shares for which acceptances of the Offer have been received showing: (A) the extent, if any, to which such acceptances have been received from person(s) acting or deemed to be acting in concert with 21st Century Fox for the purposes of the Offer; and (B) which were the subject of an irrevocable commitment or a letter of intent procured by 21st Century Fox or any persons acting in concert with it;
  - (ii) details of the relevant securities of Sky in which 21st Century Fox or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned. Similar details of any short positions over Sky relevant securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, will also be stated;
  - (iii) details of any relevant securities of Sky in respect of which 21st Century Fox or any person acting in concert with it has an outstanding irrevocable commitment or letter of intent; and
  - (iv) details of any relevant securities of Sky which 21st Century Fox or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,
- and will specify the percentage of each class of relevant securities of Sky represented by these figures. The announcement shall include a prominent statement of the total number of Sky Shares which 21st Century Fox may count towards the satisfaction of the Acceptance Condition and the percentage of Sky Shares represented by this figure.
- (b) Except as otherwise agreed by the Panel, in calculating the number of Sky Shares represented by acceptances and/or purchases for the announcement, an acceptance or purchase will only be counted towards fulfilling the Acceptance Condition if the requirements of Notes 4, 5 and 6 (as applicable) on Rule 10 of the City Code are satisfied. Subject to this, 21st Century Fox may include or exclude for announcement purposes acceptances and/or purchases which are not in all respects in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title and/or not accompanied by the relevant TTE Instruction or which are subject to verification.
- (c) Any decision to extend the time and/or date by which the Acceptance Condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00 a.m. on the relevant day (as defined in paragraph 2(a) of this Part C) or such later time(s) and/or date(s) as the Panel may agree. The announcement will state the next expiry date unless the Offer is then unconditional as to acceptances, in which case it may instead state that the Offer will remain open until further notice.
- (d) In this Section 2, references to the making of an announcement or the giving of notice by or on behalf of 21st Century Fox include: (i) the release of an announcement by 21st Century Fox’s public relations consultants or by one or more of the Financial Advisers or by any other nominee of 21st Century Fox, in each case on behalf of 21st Century Fox to the press; and/or (ii) the transmission by whatever means of an announcement through a Regulatory Information Service. An announcement made otherwise than through a Regulatory Information Service will be notified simultaneously through a Regulatory Information Service (unless otherwise agreed by the Panel).
- (e) A copy of any announcement made by 21st Century Fox in accordance with this paragraph 2 of Part C will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on 21st Century Fox’s website at [www.21cf-offer-for-Sky.com](http://www.21cf-offer-for-Sky.com) as soon as possible and in any event by no later than 12 noon on the Business Day following the announcement.

- (f) Without limiting the manner in which 21st Century Fox may choose to make any public statement and subject to 21st Century Fox's obligations under applicable law and rules (including the U.S. tender offer rules) and paragraph 2(e) above, 21st Century Fox will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

### 3. Rights of withdrawal

- (a) Except as provided by this paragraph 3 of Part C or as may otherwise be agreed in writing between 21st Century Fox and any particular Sky Shareholder in accordance with the City Code, acceptances of and elections by Sky Shareholders under the Offer shall be irrevocable.
- (b) If 21st Century Fox, having announced the Offer to be unconditional as to acceptances, fails to comply by 3.30 p.m. on the relevant day (as defined in paragraph 2(a) of this Part C) (or such later time(s) and/or date(s) as the Panel may agree) with any of the other requirements specified in paragraph 2(a) of this Part C, an accepting Sky Shareholder may (unless the Panel agrees otherwise) withdraw his acceptance of the Offer:
  - (i) in the case of Sky Shares held in certificated form, by written notice or otherwise signed by the accepting Sky Shareholder (or his agent duly appointed in writing and evidence of whose appointment, in a form reasonably satisfactory to 21st Century Fox, is produced with the notice) given by post to Computershare Investor Services PLC at Corporate Actions 1, Bristol, BS99 6AF or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, or
  - (ii) in the case of Sky Shares held in uncertificated form, in the manner set out in paragraph 3(h) this Part C. Subject to paragraph 1(c) of this Part C, this right of withdrawal may be terminated not less than eight days after the relevant day by 21st Century Fox confirming, if it be the case, that the Offer is still unconditional as to acceptances, and complying with the other requirements specified in paragraph 2(a) of this Part C. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(e) of this Part C will run from the date of that confirmation.
- (c) If by 1.00 p.m. on 8 October 2018 (or such later time(s) and/or date(s) as the Panel may agree) the Offer has not become unconditional as to acceptances, an accepting Sky Shareholder may withdraw his acceptance of the Offer at any time thereafter:
  - (i) by written notice in the manner referred to in paragraph 3(b) of this Part C; or
  - (ii) if the relevant Sky Shares are held in uncertificated form, in the manner set out in paragraph 3(h) of this Part C, until the earlier of:
    - (i) the time when the Offer becomes unconditional as to acceptances; and
    - (ii) the final time for the lodging of acceptances of the Offer which can be taken into account in accordance with paragraph 1(d) of this Part C.
- (d) If a "no extension" statement and/or a "no increase" statement is withdrawn in accordance with paragraph 1(f) of this Part C, any Sky Shareholder who accepts the Offer after the date of the statement may withdraw his acceptance:
  - (i) in the manner referred to in paragraph 3(b) of this Part C; or
  - (ii) if the relevant Sky Shares are held in uncertificated form, in the manner set out in paragraph 3(h) of this Part C, no later than the eighth day after the date on which 21st Century Fox sends the notice of the withdrawal of that statement to Sky Shareholders.
- (e) In this paragraph 3, "**written notice**" (including any letter of appointment, direction or authority) means notice in writing signed by the relevant accepting Sky Shareholder(s) (or his/ their agent(s) duly appointed in writing and evidence of whose appointment is produced with the notice in a form satisfactory to 21st Century Fox) given to the Receiving Agent by post to Computershare Investor Services PLC at Corporate Actions 1, Bristol, BS99 6AF or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE. E-mail, facsimile, the internet or other electronic transmission, or copies, will not be sufficient to constitute written notice. A notice which is post-marked in, or otherwise appears to 21st Century Fox or its agents to have been sent from, a Restricted Jurisdiction, may not be treated as valid. The notice must include all relevant information to enable the Receiving Agent to identify the Sky Shares to be withdrawn and a contact telephone number for the Sky Shareholder.
- (f) To be effective, a written notice of withdrawal must be received on a timely basis by the Receiving Agent and must specify the name of the person who has tendered the Sky Shares to be withdrawn and (if share certificate(s) have been tendered) the name of the holder of the relevant Sky Shares, if different from the name of the person who tendered the Sky Shares.

- (g) 21st Century Fox may, in its absolute discretion, allow any acceptance of the Offer to be withdrawn, in whole or in part, without allowing withdrawal of other acceptances, insofar as is necessary to enable the relevant Sky Shares to be purchased by it otherwise than pursuant to the Offer.
- (h) In the case of Sky Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraphs 3(b), 3(c) or 3(d) of this Part C, an accepting Sky Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA Instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA Instruction must, in order for it to be valid and settle, include the following details:
  - (i) the number of Sky Shares to be withdrawn, together with their ISIN number (which is GB0001411924);
  - (ii) the member account ID of the accepting shareholder, together with his participant ID;
  - (iii) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance to be withdrawn (which is 3RA52);
  - (iv) the Escrow Agent's participant ID (which is SKYFOX01);
  - (v) the CREST transaction reference number of the Electronic Acceptance to be withdrawn to be inserted at the beginning of the shared note field;
  - (vi) the intended settlement date for the withdrawal;
  - (vii) the corporate action number for the Offer allocated by Euroclear; and
  - (viii) input with a standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will, on behalf of 21st Century Fox, either reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) message or a receiving agent accept (AEAN) message, as appropriate.

- (i) If an accepting Sky Shareholder withdraws his acceptance, all documents of title and other documents lodged with the Form of Acceptance will be returned as soon as practicable following the receipt of the withdrawal (and in any event within 14 days) and the Receiving Agent will immediately give TFE Instructions for the release of securities held in escrow to the original balance(s) of the Sky Shareholder concerned.
- (j) Sky Shares in respect of which acceptances have been validly withdrawn in accordance with this paragraph 3 of Part C may subsequently be re-assented to the Offer by following one of the procedures set out in paragraph 18 of the letter from 21st Century Fox contained in Section 1 of this document at any time while the Offer remains open for acceptance.
- (k) Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by 21st Century Fox whose determination (save as the Panel otherwise determines) will be final and binding. None of 21st Century Fox, the Financial Advisers, the Receiving Agent, or any other person will be under any duty to give notification of any defect or irregularities in any notice of withdrawal or incur any liability for failure to give such notification or for any determination under this paragraph 3 of this Part C.

#### 4. Revisions of the Offer

- (a) If the Offer (in its original or any previously revised form(s)) is revised either in its terms or conditions or in the value or nature of the consideration offered or otherwise, the benefit of the revised Offer will, subject to paragraphs 4(c), 4(d) and 8 of this Part C, be made available to any Sky Shareholder who has accepted the Offer (or re-assented to it), in its original or any previously revised form(s), and who has not validly withdrawn such acceptance (a "**previous acceptor**"). The acceptance of the Offer by or on behalf of a previous acceptor in its original or any previously revised form(s) shall, subject to paragraphs 4(c), 4(d) and 8 of this Part C, be deemed an acceptance of the revised Offer and shall constitute the irrevocable and separate appointment of each of 21st Century Fox and any director of, or person authorised by, 21st Century Fox, or one of the Financial Advisers and each of its directors, as his attorney and/or agent with authority:
  - (i) to accept any such revised Offer on behalf of such previous acceptor;
  - (ii) if the revised Offer includes alternative form(s) of consideration, to make on his behalf elections for and/or accept alternative form(s) of consideration in the proportions which the attorney and/or agent in his absolute discretion thinks fit; and



- (iii) to execute on behalf of and in the name of such previous acceptor all further documents (if any) and to do all things (if any) as may be required to give effect to such acceptances and/or elections.

In making any such election and/or acceptance, the attorney and/or agent will be able to take into account the nature of any previous acceptance(s) or election(s) made by or on behalf of a previous acceptor and such other facts or matters as he may reasonably consider relevant, and shall not be liable to any Sky Shareholder or other person with respect to the making of any such election and/or acceptance or in making any determination relating thereto.

- (b) The powers of attorney and authorities conferred by this paragraph 4 and any acceptance of a revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the previous acceptor becomes entitled to withdraw his acceptance under paragraph 3 of this Part C and duly and validly does so.
- (c) The deemed acceptance and/or election referred to in paragraph 4(a) of this Part C shall not apply, and the power of attorney and authorities conferred by that paragraph shall not be exercised, to the extent that a previous acceptor:
  - (i) in respect of Sky Shares in certificated form, lodges with the Receiving Agent, within 14 days of the publication of the document containing the revised Offer, a Form of Acceptance (or other form validly issued by or on behalf of 21st Century Fox) in which the Sky Shareholder validly elects to receive the consideration receivable by him under such revised Offer in some other manner; or
  - (ii) in respect of Sky Shares in uncertificated form, sends (or, if a CREST sponsored member, procures that his CREST sponsor sends) an ESA Instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each ESA Instruction must, in order for it to be valid and settle, include the following details:
    - (A) the number of Sky Shares in respect of which the changed election is made, together with their ISIN number (this is GB0001411924);
    - (B) the member account ID of the previous acceptor, together with his participant ID;
    - (C) the Escrow Agent's participant ID (which is 3RA52);
    - (D) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance (which is SKYFOX01);
    - (E) the CREST transaction reference number of the Electronic Acceptance in respect of which the election is to be changed to be inserted at the beginning of the shared note field;
    - (F) the intended settlement date for the changed election;
    - (G) the corporate action number for the Offer allocated by Euroclear; and, in order that the desired change of election can be effected, must include:
    - (H) the member account ID of the Escrow Agent relevant to the new election; and
    - (I) input with a standard delivery instruction priority of 80.

Any such change of election will be conditional upon the Receiving Agent verifying that the request is validly made. Accordingly, the Receiving Agent will, on behalf of 21st Century Fox, reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message, as appropriate.

- (d) The deemed acceptance and/or election referred to in paragraph 4(a) of this Part C shall not apply, and the power of attorney and the authorities conferred by that paragraph shall not be exercised if, as a result, the previous acceptor would (on such basis as the Financial Advisers may reasonably consider appropriate) receive less in aggregate in consideration under the revised Offer or otherwise than he would have received in aggregate in consideration as a result of his acceptance of the Offer in the form originally accepted by such previous acceptor or on his behalf.
- (e) 21st Century Fox and the Receiving Agent reserve the right to treat an executed Form of Acceptance or TTE Instruction in respect of the Offer (in its original or any previously revised form(s)) which is received (or dated) on or after the announcement of any revised Offer as a valid acceptance of the revised Offer (and, where applicable, a valid election for or acceptance of any of the alternative forms of consideration). Such acceptance shall constitute an authority in the terms of paragraph 4(a) of this Part C, *mutatis mutandis*, on behalf of the relevant Sky Shareholder.
- (f) If the Offer is revised, a revised offer document will be published (save where the Panel otherwise consents). On the day of publication, 21st Century Fox will publish the document on its website and will



announce that the document has been so published. If the revised offer document is published, 21st Century Fox will make the revised offer document readily available to the representatives of the employees of 21st Century Fox (if any) or, where there are no such representatives, to the employees themselves. In addition, 21st Century Fox will make the revised offer document readily available to the trustee of Sky's pension schemes.

- (g) In the event of any material change to the terms of the Offer, 21st Century Fox will make such change in accordance with all applicable laws, including Rule 14e-1 under the U.S. Exchange Act, which may, under certain circumstances, require that the closing date of the Offer be extended by a minimum period of ten U.S. business days with respect to an increase or decrease in: (i) the percentage of securities to be acquired pursuant to the Offer (if the change exceeds two per cent. of the original amount); (ii) the consideration offered; or (iii) any dealer manager's solicitation fee, and five U.S. business days for any other material change or waiver of a material condition.
- (h) If a competitive situation arises or further develops (as determined by the Panel) after the date of this document, 21st Century Fox may (with the consent of the Panel) extend or revise the Offer provided it complies with the requirements of the City Code.

## **5. Dividends**

- (a) The Sky Shares will be acquired by 21st Century Fox under the Acquisition fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after the date of the Increased Offer Announcement, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made, on or after the Effective Date.
- (b) If any dividend, and/or other distribution and/or other return of capital is announced, declared, paid or becomes payable in respect of the Sky Shares on or after the date of the Increased Offer Announcement, 21st Century Fox reserves the right to reduce the Acquisition Consideration by some or all of the amount of any such dividend and/or other distribution and/or other return of capital, in which case any reference in this document to the Acquisition Consideration for the Sky Shares will be deemed to be a reference to the Acquisition Consideration as so reduced, and the relevant eligible Sky Shareholder will be entitled to receive and retain such dividend and/or other distribution and/or other return of capital. To the extent that such a dividend and/or other distribution and/or other return of capital is announced, declared, paid or becomes payable and is or shall be: (i) transferred pursuant to the Acquisition on a basis which entitles 21st Century Fox to receive the dividend or distribution or return of capital in respect of all Sky Shares and to retain it; or (ii) cancelled, the Acquisition Consideration payable shall not be subject to change in accordance with this paragraph. Any exercise by 21st Century Fox of its rights referred to in this paragraph shall not be regarded as constituting any revision or variation of the Offer.

## **6. Acceptances and purchases**

- (a) Subject to the City Code, and notwithstanding any other provision of this Part C, 21st Century Fox reserves the right to treat as valid in whole or in part any acceptance of the Offer if received by the Receiving Agent or otherwise on behalf of 21st Century Fox which is not entirely in order or in the correct form or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other relevant document(s) of title or not accompanied by the relevant TTE Instruction or is received by it at any place or places or in any form or manner determined by either the Receiving Agent or 21st Century Fox otherwise than as set out in this document or (in respect of Sky Shares held in certificated form) in the Form of Acceptance. In that event, no settlement of consideration under the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to 21st Century Fox have been received by the Receiving Agent.
- (b) Except as otherwise agreed by the Panel:
  - (i) an acceptance of the Offer will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the City Code are satisfied with respect to it;
  - (ii) a purchase of Sky Shares by 21st Century Fox or its wholly-owned subsidiaries or nominee(s) (or, if 21st Century Fox is required to make an offer for Sky Shares pursuant to Rule 9 of the City Code, by a

person acting in concert with 21st Century Fox or its nominee(s) for the purpose of such offer(s)) will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the City Code are satisfied with respect to it;

- (iii) Sky Shares which have been borrowed by 21st Century Fox may not be counted towards fulfilling the Acceptance Condition; and
  - (iv) before the Offer may become or be declared unconditional as to acceptances, the Receiving Agent shall issue a certificate to 21st Century Fox, any of the Financial Advisers or their respective agents which states the number of Sky Shares in respect of which acceptances have been received and not validly withdrawn, and the number of Sky Shares held or otherwise acquired, whether before or during the Offer Period, which comply with the provisions of this paragraph 6(b) of this Part C. A copy of the certificate will be sent to the Panel and Sky's financial advisers as soon as possible after it is issued.
- (c) For the purpose of determining at any particular time whether the Acceptance Condition is satisfied, 21st Century Fox is not bound (unless otherwise required by the Panel) to take into account any Sky Shares which have been unconditionally allotted or issued or which arise as the result of the exercise of subscription or conversion rights before the determination takes place unless written notice containing relevant details of the allotment, issue, subscription or conversion has been received from Sky or its agent before that time by 21st Century Fox or the Receiving Agent on behalf of 21st Century Fox at the address specified in paragraph 3(b) of this Part C. E-mail, facsimile, the internet or other electronic transmission, or copies, will not constitute written notice for this purpose.
- (d) In relation to any acceptance of the Offer in respect of Sky Shares held in uncertificated form, 21st Century Fox reserves the right to make such alterations, additions or modifications to the terms of the Offer as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the City Code or are otherwise made with the Panel's consent.
- (e) For the purposes of this document, the time of receipt of a TTE Instruction, an ESA Instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.

## **7. General**

- (a) The Offer is subject to the satisfaction (or waiver, if permitted) of the Conditions and to the full terms and conditions set out in this Section 2 and the Form of Acceptance.
- (b) Each of the Conditions shall be regarded as a separate Condition, and shall not be limited by reference to any other Condition.
- (c) The Offer is made at 1.00 p.m. on 7 August 2018 and is capable of acceptance from that date and after that time. Copies of this document, the Form of Acceptance and any related documents are available from the Receiving Agent at the address set out in paragraph 3(b) of this Part C from that time.
- (d) If the Offer lapses for any reason:
  - (i) it will cease to be capable of further acceptance;
  - (ii) 21st Century Fox and accepting Sky Shareholders will cease to be bound by: (i) in the case of Sky Shares held in certificated form, Forms of Acceptance submitted; and (ii) in the case of Sky Shares held in uncertificated form, Electronic Acceptances inputted and settled, in each case before the time the Offer lapses;
  - (iii) in respect of Sky Shares held in certificated form, Forms of Acceptance, share certificates and other documents of title will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing, at the risk of the Sky Shareholder in question, to the person or agent whose name and address is set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at his registered address. No such documents will be sent to an address in a Restricted Jurisdiction; and
  - (iv) in respect of Sky Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days from the lapsing of the Offer), give TFE Instructions to Euroclear to transfer all Sky Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of Sky Shareholders concerned.

- (e) 21st Century Fox reserves the right to direct that any portion of the Sky Shares to be transferred to it pursuant to acceptances of the Offer be transferred directly to any member(s) of the 21st Century Fox Group nominated by 21st Century Fox.
- (f) Under Rule 13.5(a) of the City Code, 21st Century Fox may not invoke a Condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to 21st Century Fox in the context of the Offer. Condition (a) in Part A of this Section 2 is not subject to this provision of the City Code.
- (g) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same respective meanings when used in the Form of Acceptance unless the context otherwise requires. The provisions of Parts A, B, C and D of this Section 2 shall be deemed to be incorporated in, and form part of, the Form of Acceptance.
- (h) Except with the Panel's consent:
  - (i) settlement of the consideration to which any Sky Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which 21st Century Fox or any of the Financial Advisers may otherwise be, or claim to be, entitled as against such Sky Shareholder; and
  - (ii) settlement of the consideration to which any Sky Shareholder is entitled will be effected: (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes unconditional in all respects, within 14 days of such date, or (ii) in the case of acceptances received, complete in all respects, after the date on which the Offer becomes unconditional in all respects but while the Offer remains open for acceptance, within 14 days of such receipt, in the manner prescribed in paragraph 18 of the letter from 21st Century Fox contained in Section 1 of this document.

Subject to paragraph 8 of this Part C, 21st Century Fox reserves the right not to send any consideration to an address in any Restricted Jurisdiction.

- (i) Any omission or failure (or decision not) to dispatch this document, (where relevant) the Form of Acceptance, any other document relating to the Offer or any notice required to be dispatched under the terms of the Offer, to (or any failure to receive the same by) any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way nor be treated as meaning, expressly or by implication, that the Offer has not been made to any such person. Subject to paragraph 8 of this Part C, the Offer extends to all Sky Shareholders to whom this document, the Form of Acceptance and or related documents may not be sent, or who may not receive such documents. Any and all such persons may collect copies of all such documents from the Receiving Agent at the address set out in paragraph 3(b) of this Part C or inspect this document, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on the website maintained by 21st Century Fox in relation to the Offer at [www.21cf-offer-for-Sky.com](http://www.21cf-offer-for-Sky.com) while the Offer remains open for acceptances.
- (j) All powers of attorney, appointments as agent and authorities on the terms conferred by or referred to in this Section 2, or (where relevant) in the Form of Acceptance, are given by way of security for the performance of the obligations of the Sky Shareholder concerned and are irrevocable (in respect of powers of attorney, in accordance with section 4 of the Powers of Attorney Act 1971) except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw his acceptance in accordance with paragraph 3 of this Part C and duly and validly does so.
- (k) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any Sky Shareholders (or their designated agent(s)) will be delivered by or sent to or from them (or their designated agent(s)) at their risk. No acknowledgement of receipt of any Form of Acceptance, Electronic Acceptance, transfer by means of CREST, communication, notice, share certificate and/or other document of title will be given by or on behalf of 21st Century Fox.
- (l) If, assuming that all of the other Conditions have been satisfied or waived (if capable of being waived), sufficient acceptances are received and/or sufficient Sky Shares are otherwise acquired or agreed to be acquired, 21st Century Fox intends to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily any Sky Shares not acquired or agreed to be acquired by or on behalf of 21st Century Fox pursuant to the Offer or otherwise on the same terms as the Acquisition. After the Offer becomes or is declared unconditional in all respects and if 21st Century Fox has by virtue of its shareholdings (and the shareholdings of its wholly-owned subsidiaries) and acceptances of the Offer acquired, or agreed to acquire, issued share capital carrying 75 per cent. or more of the voting rights of Sky, it is intended that, not less than

20 Business Days after the date on which 21st Century Fox acquired, or agreed to acquire such issued share capital, 21st Century Fox will procure that Sky makes applications to cancel the listing of Sky Shares on the UK Listing Authority's Official List and to cancel trading in Sky Shares on the London Stock Exchange's Main Market for listed securities.

- (m) The Offer extends to any Sky Shares which are issued or unconditionally allotted and fully paid (or credited as fully paid) while the Offer remains open for acceptance (or, subject to the City Code, by such earlier date as 21st Century Fox may decide), including Sky Shares issued pursuant to the Sky Shares Plans or otherwise.
- (n) If the expiry date of the Offer is extended, a reference in this document and in the Form of Acceptance to the expiry date of the offer, to the First Closing Date or to 17 September 2018 shall (except in paragraph 1(a) of this Part C, the definition of Offer Period, and where the context requires otherwise) be deemed to refer to the expiry date of the Offer as so extended.
- (o) 21st Century Fox reserves the right (with the consent of the Panel) to implement the Acquisition by way of a Scheme under Part 26 of the Companies Act. In such an event, the Scheme will be implemented on the same terms and shall include conditions to the implementation of the Acquisition that, in the aggregate are not more onerous to fulfil than the Conditions, subject to any modifications or amendments which may be required by the Panel or which are necessary as a result of the election by 21st Century Fox to implement the Acquisition by way of a Scheme, including (without limitation and subject to the consent of the Panel):
  - (i) its approval by a majority in number representing not less than three-fourths in value of the Unaffiliated Sky Shareholders (or the relevant class or classes thereof, if applicable) present, entitled to vote and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as 21st Century Fox and Sky may agree and the Court may allow);
  - (ii) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at a general meeting of Sky or at any adjournment of that meeting on or before the 22nd day after the expected date of the general meeting of Sky to be set out in the Scheme Document in due course (or such later date, if any, as 21st Century Fox and Sky may agree and the Court may allow); and
  - (iii) the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to 21st Century Fox and Sky) on or before the 22nd day after the expected date of the hearing of the Court to sanction the Scheme (or such later date, if any, as 21st Century Fox and Sky may agree and the Court may allow) and the delivery of a copy of the Court order sanctioning the Scheme to the Registrar of Companies in England and Wales.
- (p) Neither 21st Century Fox nor any person acting on behalf of 21st Century Fox, shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer or otherwise in connection therewith (including on any of the bases set out below in paragraph 8 of this Part C).
- (q) All references in this Section 2 to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date of this document).
- (r) Any references in this Section 2 to the return or dispatch of documents by post shall extend to the return or dispatch by such other method as the Panel may approve.
- (s) The Offer, the Form of Acceptance and Electronic Acceptances, all acceptances of the Offer, all elections in respect of it, all contracts made pursuant to the Offer, all action taken or made or deemed to be taken or made pursuant to any of these terms and the relationship between a Sky Shareholder and 21st Century Fox, the Financial Advisers or the Receiving Agent are governed by and shall be construed in accordance with English law.
- (t) Execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a Sky Shareholder will constitute their agreement that the Courts of England are (subject to paragraph 7(u) of this Part C of Section 2) to have exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by the Offer and the Form of Acceptance or the Electronic Acceptance or otherwise arising in connection with the Offer and the Form of Acceptance or the Electronic Acceptance, and for such purposes that they irrevocably submit to the jurisdiction of the English Courts.



- (u) Execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a Sky Shareholder will constitute their agreement that the agreement in paragraph 7(t) of this Part C is included for the benefit of 21st Century Fox, the Financial Advisers and the Receiving Agent and accordingly, notwithstanding the exclusive agreement in paragraph 7(t) of this Part C, 21st Century Fox, the Financial Advisers and the Receiving Agent shall each retain the right to, and may in its absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction and that the accepting Sky Shareholder irrevocably submits to the courts of any such country.
- (v) The Offer is subject to the applicable requirements of the UK Listing Authority, the FCA, the London Stock Exchange, the City Code and applicable U.S. tender offer rules under the U.S. Exchange Act and is being made in reliance on the “Tier II” exemption provided by Rule 14d-1(d) under such Act.
- (w) All questions as to the validity of any acceptance of the Offer and all questions as to, or the acceptance of, any words or markings on a Form of Acceptance will be determined by 21st Century Fox whose determination (except as required by the Panel) will be final and binding. None of 21st Century Fox, the Financial Advisers, the Receiving Agent, or any other person will be under any duty to give notification of any defects or irregularities in any purported acceptance of the Offer or will incur any liability for failure to give such notification or for any determination under this paragraph (w).

## **8. Overseas Shareholders**

- (a) The making of the Offer to Overseas Shareholders (or to persons who are nominees of, or agents, custodians or trustees for, such persons) or in jurisdictions outside the UK may be prohibited or affected by the laws of the relevant jurisdiction. Before taking any action in relation to the Offer, Overseas Shareholders should fully inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties or other requisite payments due in that jurisdiction. Any such Overseas Shareholder shall be responsible for any issue, transfer or other taxes or duties or other payments by whomsoever payable, and 21st Century Fox (and any person acting on its behalf) shall be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes or duties or other payments which 21st Century Fox (or any person acting on its behalf) may be required to pay. If you are an Overseas Shareholder and you are in any doubt about your position, you should consult your independent financial adviser in the relevant jurisdiction.
- (b) The Offer is being made into all jurisdictions where it is capable of being lawfully made in compliance with local laws. Unless otherwise determined by 21st Century Fox or required by the City Code, and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any other means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of foreign or interstate commerce of, or any facilities of a national, state or other securities exchange of, any Restricted Jurisdiction, and shall not be capable of acceptance by any such use, means, instrumentality or facility or from or within any Restricted Jurisdiction unless otherwise determined by 21st Century Fox.
- (c) Copies of this document, the Form of Acceptance and any related documents are not being (unless determined otherwise by 21st Century Fox in its sole discretion or required by the City Code, and permitted by applicable law and regulation), and must not be, directly or indirectly mailed, transmitted or otherwise forwarded, distributed, sent or otherwise made available in, into or from a Restricted Jurisdiction including to Sky Shareholders or persons with information rights or participants in the Sky Share Plans with registered addresses in a Restricted Jurisdiction or to persons whom 21st Century Fox reasonably believes to be agents, custodians, trustees or nominees holding Sky Shares for persons with registered addresses in a Restricted Jurisdiction. Persons receiving such documents (including, without limitation, agents, custodians, nominees and trustees) should observe these restrictions and must not mail or otherwise forward, distribute, send or otherwise make them available in, into or from a Restricted Jurisdiction or use such mails or any such means, instrumentality or facility for any purpose, directly or indirectly, in connection with the Offer, and so doing may render any purported acceptance of the Offer invalid.
- (d) Persons wishing to accept the Offer must not use the mails of any Restricted Jurisdiction or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to acceptance of the Offer. All Sky Shareholders (including nominees, trustees or custodians) who may have a contractual or legal obligation, or

may otherwise intend, to forward this document and/or Form of Acceptance and/or related document, should read the further details in this regard which are contained in this paragraph 8 of Part C and in Part D and Part E of Section 2 before taking any action. Envelopes containing Forms of Acceptance, evidence of title or other documents relating to the Offer should not be post-marked in, or otherwise dispatched from, a Restricted Jurisdiction and all acceptors of the Offer must provide an address outside a Restricted Jurisdiction for the receipt of the consideration to which they are entitled under the Offer or for the return of the Form of Acceptance or documents of title.

- (e) If, despite the restrictions described above, any person (including, without limitation, any agent, custodian, nominee and/or trustee), whether pursuant to a contractual or legal obligation or otherwise, sends, forwards or otherwise distributes this document, the Form of Acceptance or any related documents in, into or from a Restricted Jurisdiction or uses the mail of, or any other means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of foreign or interstate commerce of, or any facilities of a national, state or other securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should:
  - (i) inform the recipient of such fact;
  - (ii) explain to the recipient that such action may invalidate any purported acceptance or election by the recipient; and
  - (iii) draw the attention of the recipient to this paragraph 8.
- (f) Subject to the provisions of this paragraph 8 of Part C and applicable law, a Sky Shareholder may be deemed NOT to have validly accepted the Offer if:
  - (i) he puts “NO” in Box 4 of the Form of Acceptance and thereby does not give the representations and warranties set out in paragraph (c) of Part D of this Section 2;
  - (ii) he has a registered address in a Restricted Jurisdiction or completes Box 1 of the Form of Acceptance with an address in a Restricted Jurisdiction and in either case does not insert in Box 5 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent;
  - (iii) he inserts in Box 5 of the Form of Acceptance the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent;
  - (iv) a Form of Acceptance received from him is received in an envelope post-marked in, or otherwise appears to 21st Century Fox or its agents to have been sent from, any Restricted Jurisdiction;
  - (v) he inserts in Box 1 of the Form of Acceptance a telephone number in a Restricted Jurisdiction for use in the event of queries; or
  - (vi) he makes a Restricted Escrow Transfer pursuant to paragraph 8(g) below without also making a related Restricted ESA Instruction which is accepted by the Receiving Agent.

21st Century Fox reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (c) of Part D or, as the case may be, paragraph (b) of Part E of this Section 2 could have been truthfully given by the relevant Sky Shareholder and, if such investigation is made and, as a result, 21st Century Fox determines (for any reason) that such representations and warranties could not have been so given, such acceptance may be rejected as invalid.

- (g) If a Sky Shareholder holding Sky Shares in uncertificated form cannot give the warranty set out in paragraph (b) of Part E of this Section 2, but nevertheless can provide evidence satisfactory to 21st Century Fox that he is able to accept the Offer in compliance with all relevant legal and regulatory requirements, he may purport to accept the Offer by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) both:
  - (i) a TTE Instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”); and
  - (ii) if relevant, one or more valid ESA Instructions (a “**Restricted ESA Instruction**”), which specify the form of consideration which he wishes to receive (consistent with any alternatives which may from time to time be offered under the Offer).

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and, if applicable, the Restricted ESA Instruction(s) settle in CREST and 21st Century Fox decides, in its absolute discretion, to exercise its right described in paragraph 8(j) of this Part C to waive, vary or



modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1 of this Part C. If 21st Century Fox accordingly decides to permit such acceptance to be made, the Receiving Agent will, on behalf of 21st Century Fox, accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will, on behalf of 21st Century Fox, reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message.

Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- the ISIN number for the Sky Shares (which is GB0001411924);
- the number of Sky Shares in respect of which the Offer is to be accepted;
- the member account ID and the participant ID of the Sky Shareholder;
- the participant ID of the Escrow Agent (which is 3RA52), and its member account ID specific to a Restricted Escrow Transfer (which is RESTRICT);
- the intended settlement date;
- the corporate action number for the Offer allocated by Euroclear; and
- input with a standard delivery instruction priority of 80.

Each Restricted ESA Instruction must, in order for it to be valid and settle, include the following details:

- the ISIN number for the Sky Shares (which is GB0001411924);
- the number of Sky Shares relevant to that Restricted ESA Instruction;
- the member account ID and participant ID of the accepting Sky Shareholder;
- the member account ID and participant ID of the Escrow Agent set out in the Restricted Escrow Transfer;
- the participant ID of the Escrow Agent (which is 3RA52) and its member account ID relevant to the form of consideration required (which is SKYFOX01);
- the CREST transaction reference number of the Restricted Escrow Transfer to which the Restricted ESA Instruction relates;
- the intended settlement date;
- input with a standard delivery instruction priority of 80; and
- the corporate action number for the Offer.

(h) 21st Century Fox reserves the right to notify any matter (including the making of the Offer) to all or any Sky Shareholder(s):

- (i) with registered address(es) outside the UK; or
- (ii) whom 21st Century Fox reasonably believes to be a nominee, trustee or custodian holding Sky Shares for persons who are citizens, residents or nationals of jurisdictions outside the UK,

by announcement in the UK through a Regulatory Information Service or in any other appropriate manner or by notice in the London Gazette or paid advertisement in any daily newspaper published and circulated in the UK, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Sky Shareholders to receive or see such notice. A reference in this document to a notice or the provision of information in writing by or on behalf of 21st Century Fox shall be construed accordingly. No such document will be sent to an address in a Restricted Jurisdiction.

- (i) Notwithstanding any other provision of this paragraph 8 of this Part C, 21st Century Fox may, in its sole and absolute discretion, make the Offer to a resident in a Restricted Jurisdiction if 21st Century Fox is satisfied, in that particular case, that to do so would not constitute a breach of any securities or other relevant legislation of a Restricted Jurisdiction.
- (j) The provisions of this paragraph 8 and/or any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Overseas Shareholders or on a general basis by 21st Century Fox in its sole and absolute discretion. Subject to such discretion, the provisions of this paragraph 8 supersede any terms of the Offer inconsistent with them.

- (k) If any written notice from a Sky Shareholder withdrawing his acceptance in accordance with paragraph 3 of this Part C is received in an envelope post-marked in, or which otherwise appears to 21st Century Fox or its agents to have been sent from, a Restricted Jurisdiction, 21st Century Fox reserves the right, in its absolute discretion to treat that notice as invalid. Further, 21st Century Fox reserves the right to reject any elections made or purported to be made by the persons to whom this paragraph 8 of this Part C applies.
- (l) References in this paragraph 8 to a Sky Shareholder shall include the person or persons making an Electronic Acceptance and the person or persons executing a Form of Acceptance and, in the event of more than one person executing the Form of Acceptance, the provisions of this paragraph apply to them jointly and severally.

**Overseas Shareholders should inform themselves about, and observe, any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your appropriate adviser in the relevant jurisdiction.**

#### **Part D: Form of Acceptance for Sky Shares in certificated form**

**This Part D applies only to Sky Shares held in certificated form. If you hold all your Sky Shares in uncertificated form, you should ignore this Part D and instead read Part E below.**

For the purposes of this Part D and the Form of Acceptance, the phrase “**Sky Shares in certificated form comprised in the acceptance**” shall mean the number of Sky Shares inserted in Box 2 of the Form of Acceptance or, if no number is inserted or a number greater than the relevant Sky Shareholder’s holding of Sky Shares is inserted or Box 2 contains the word “ALL” or any other word or marking, the greater of:

- the relevant Sky Shareholder’s entire holding of Sky Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the time the relevant Form of Acceptance is processed by them;
- the relevant Sky Shareholder’s entire holding of Sky Shares in certificated form, as disclosed by details of the register of members made available to the Receiving Agent prior to the latest time for receipt of Form(s) of Acceptance which can be taken into account in determining whether the Offer is unconditional as to acceptances; and
- the number of Sky Shares in certificated form in respect of which certificates or an indemnity in lieu thereof is received.

Without prejudice to the terms of the Form of Acceptance and the provisions of Parts A, B and C of this Section 2, each Sky Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and lodged with the Receiving Agent, irrevocably undertakes, represents, warrants and agrees to and with 21st Century Fox, the Financial Advisers and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns) that:

- (a) the execution of the Form of Acceptance, whether or not any Boxes are completed, and whether or not the Form of Acceptance is validly executed as a deed, constitutes:
  - (i) an acceptance of the Offer in respect of the number of Sky Shares in certificated form inserted or deemed to be inserted in Box 2 of the Form of Acceptance; and
  - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable 21st Century Fox to obtain the full benefit of this Part D and/or to perfect any of the authorities expressed to be given in this Part D and otherwise in connection with his acceptance of the Offer,

in each case on and subject to the terms and conditions set out or referred to in this document and the Form of Acceptance, and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Part C of this Section 2, each such acceptance and undertaking shall be irrevocable, provided that if: (A) no Boxes are completed; or (B) the total number of Sky Shares inserted in Box 2 is greater than the relevant Sky Shareholder’s holding of Sky Shares or Box 2 contains the word “ALL” or any other word or marking; or (C) the acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed and witnessed, it shall be deemed to be an acceptance of the Offer in respect of all Sky Shares in certificated form comprised in the acceptance;

- (b) he has good title to, and is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Sky Shares in certificated form comprised or deemed to be comprised in such acceptance and that such Sky Shares are sold fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after the date of the Increased Offer Announcement, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made, on or after that date;
- (c) unless “NO” is inserted in Box 4 of the Form of Acceptance, such Sky Shareholder:
  - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from any Restricted Jurisdiction;
  - (ii) has not in connection with the Offer or the execution or delivery of the Form of Acceptance, utilised, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a national, state or other securities exchange of, any Restricted Jurisdiction;

- (iii) is accepting the Offer from outside any Restricted Jurisdiction and was outside such jurisdictions when the Form of Acceptance was delivered;
  - (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside any Restricted Jurisdiction; and
  - (v) if such Sky Shareholder is a citizen, resident or national of a jurisdiction outside the UK, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in 21st Century Fox, any of the Financial Advisers or any other person acting on behalf of any of them being in breach of the legal or regulatory requirements of, or be liable for any issue, transfer or other taxes or duties or other payments in, any such jurisdiction in connection with the Offer or his acceptance of the Offer;
- (d) in relation to Sky Shares in certificated form, the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes, subject to the Offer becoming unconditional in all respects and to the Sky Shareholder not having validly withdrawn his acceptance, the irrevocable and separate appointment of each of 21st Century Fox and any director of, or any person authorised by, 21st Century Fox, or any one of the Financial Advisers and each of its directors, as his attorney and/or agent (the “**attorney**”), and an irrevocable instruction and authorisation to such attorney to:
- (i) complete and execute all or any form(s) of transfer, renunciation and/or other documents at the discretion of such attorney in relation to Sky Shares in certificated form comprised in the acceptance in favour of 21st Century Fox or such other person(s) as 21st Century Fox or its agents may direct;
  - (ii) deliver any form(s) of transfer, renunciation and/or other document(s) at the discretion of such attorney together with any share certificate or other document(s) of title for registration relating to such Sky Shares for registration; and
  - (iii) execute all such other documents and take any other action as may in the opinion of such attorney be necessary or expedient for the purposes of, or in connection with, the acceptance of the Offer and to vest in 21st Century Fox or such other person(s) as 21st Century Fox or its agents may direct the full legal and beneficial ownership of Sky Shares in certificated form comprised in the acceptance;
- (e) in relation to Sky Shares in certificated form, the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes, subject to the Offer becoming unconditional in all respects and to the Sky Shareholder not having validly withdrawn his acceptance, a separate and irrevocable instruction and authorisation:
- (i) to Sky or its agents to procure the registration of the transfer of the Sky Shares in certificated form comprised in the acceptance and the delivery of the share certificate(s) and other document(s) of title in respect of the Sky Shares to 21st Century Fox or as it may direct;
  - (ii) subject to the provisions of paragraph 8 of Part C of this Section 2, to 21st Century Fox, one of the Financial Advisers or their respective agents, to procure the issue and dispatch by post (or such other method as may be approved by the Panel) of a cheque in respect of any cash consideration to which such Sky Shareholder is entitled under the Offer at such Sky Shareholder’s risk, to the person or agent whose name and address (outside the Restricted Jurisdictions unless otherwise permitted by 21st Century Fox) is set out in Box 1 of the Form of Acceptance or such changed address entered in Box 1 or alternative address entered in Box 5 of the Form of Acceptance or, if none is set out, to the first-named holder at his registered address (outside the Restricted Jurisdictions unless otherwise permitted by 21st Century Fox); and
  - (iii) to 21st Century Fox, the Financial Advisers, Sky or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of Sky in respect of his holding of Sky Shares (until such are revoked or varied);
- (f) the execution of the Form of Acceptance constitutes the giving of separate authority to each of 21st Century Fox, the Financial Advisers, the Receiving Agent and their respective directors and agents within the terms of Part C and this Part D of this Section 2 in respect of the Sky Shares in certificated form comprised in the acceptance;

- (g) subject to the Offer becoming unconditional in all respects (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question) or if the Panel consents, for Sky Shares in respect of which the Offer has been accepted or deemed to be accepted, which acceptance has not been validly withdrawn and pending registration of any transfer in the name of 21st Century Fox (or as it may direct), pursuant to the Offer:
  - (i) 21st Century Fox, such other person or persons as 21st Century Fox or its agents may direct or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Sky or of any class of its shareholders) attaching to the Sky Shares in certificated form comprised in the acceptance; and
  - (ii) the execution of a Form of Acceptance by a Sky Shareholder constitutes with regard to such Sky Shares in certificated form comprised in the acceptance:
    - (A) an irrevocable authority to Sky and/or its agents from such Sky Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him as a member of Sky (including any share certificate(s) and/ or other document(s) of title) to 21st Century Fox at its registered office;
    - (B) an irrevocable authority to 21st Century Fox and any director of, or any person authorised by, 21st Century Fox to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Sky Shares held by him in certificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his attorney and/or agent and on his behalf, and/or to attend (and/or to execute a form of proxy in respect of such Sky Shares appointing any person nominated by 21st Century Fox to attend) general and separate class meetings of Sky (and any adjournments thereof) and to exercise the votes attaching to the Sky Shares in certificated form comprised or deemed to be comprised in the acceptance on his behalf, where relevant that such votes are to be cast so far as possible to satisfy any outstanding Condition); and
    - (C) the agreement of the Sky Shareholder not to exercise any of such rights without the consent of 21st Century Fox, and the irrevocable undertaking of such Sky Shareholder not to appoint a proxy for or to attend any such general meeting or separate class meeting of Sky;
- (h) he shall deliver or procure the delivery to the Receiving Agent at the address referred to in paragraph 3(b) of Part C of this Section 2 his share certificate(s) and/or other document(s) of title in respect of those Sky Shares in certificated form comprised in the acceptance (which has not been not validly withdrawn), or an indemnity acceptable to 21st Century Fox in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
- (i) the terms and conditions of the Offer are deemed to be incorporated in, and form part of, the Form of Acceptance, which shall be read and construed accordingly;
- (j) he shall do all such acts and things as shall, in the opinion of 21st Century Fox, be necessary or expedient to vest in 21st Century Fox or its nominee(s) (or such other person as 21st Century Fox may decide) the Sky Shares in certificated form comprised in the acceptance;
- (k) he shall ratify each and every act or thing which may be done or effected by 21st Century Fox, any of the Financial Advisers or the Receiving Agent or any directors or agents of, or any person authorised by, any of them, or by Sky or its agents, as the case may be, in the exercise of any of the powers and/or authorities under this Part D;
- (l) the execution of the Form of Acceptance constitutes such Sky Shareholder's agreement to the terms of paragraphs 7(t) and 7(u) of Part C of this Section 2;
- (m) the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a deed on such date;
- (n) if any provision of Part C or this Part D of this Section 2 shall be unenforceable or invalid or shall not operate so as to afford 21st Century Fox, any of the Financial Advisers, the Receiving Agent or any of their respective directors, agents or persons authorised by any of them the benefit of the authorities and powers of attorney expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents as may be required or desirable to enable those persons to secure the full benefits of Part C and this Part D of this Section 2;

- (o) the *ejusdem generis* principle of construction shall not apply to the terms and conditions of the Offer and/or the Form of Acceptance. Accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words; and
- (p) the Sky Shareholder is not a client (as defined in the FCA Handbook) of any of the Financial Advisers in connection with the Offer. References in this Part D to a Sky Shareholder include references to the person or persons executing a Form of Acceptance and, if more than one person executes a Form of Acceptance, the provisions of this Part D shall apply to them jointly and to each of them.



## Part E: Electronic Acceptance

**This Part E applies only to Sky Shares held in uncertificated form. If you hold all your Sky Shares in certificated form, you should ignore this Part E and instead read Part D above.**

For the purposes of this Part E, the phrase “**Sky Shares in uncertificated form comprised in the acceptance**” shall mean the number of Sky Shares which are transferred by the relevant Sky Shareholder by Electronic Acceptance to an escrow account by means of a TTE Instruction.

Without prejudice to the provisions of Parts A, B and C of this Section 2, each Sky Shareholder by whom, or on whose behalf, an Electronic Acceptance is made, irrevocably undertakes, represents, warrants and agrees to and with 21st Century Fox, the Financial Advisers and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns) that:

- (a) the Electronic Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of Sky Shares held in uncertificated form to which a TTE Instruction relates; and
  - (ii) an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable 21st Century Fox to obtain the full benefit of this Part E and/or to perfect any of the authorities expressed to be given in this Part E and otherwise in connection with his acceptance of the Offer,  
  
in each case on and subject to the terms and conditions set out or referred to in this document, and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Part C of this Section 2, such acceptance and undertaking shall be irrevocable;
- (b) such Sky Shareholder:
  - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents, in, into or from any Restricted Jurisdiction;
  - (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a national, state or other securities exchange of, any Restricted Jurisdiction;
  - (iii) is accepting the Offer from outside any Restricted Jurisdiction and was outside those jurisdictions at the time of the input and settlement of the relevant TTE Instruction(s);
  - (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside any Restricted Jurisdiction; and
  - (v) if such Sky Shareholder is a citizen, resident or national of a jurisdiction outside the UK, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in 21st Century Fox, any of the Financial Advisers or any other person acting on behalf of them being in breach of the legal or regulatory requirements of, or be liable for any issue, transfer or other taxes or duties or other payment in, any such jurisdiction in connection with the Offer or his acceptance of the Offer;
- (c) the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to such Sky Shareholder not having validly withdrawn his acceptance, the irrevocable and separate appointment of each of 21st Century Fox and any director of, or any person authorised by, 21st Century Fox, or any one of the Financial Advisers and each of its directors, as his attorney and/or agent (the “**attorney**”), and an irrevocable instruction and authorisation to such attorney to execute all such documents and do all such acts and things as may in the attorney’s opinion be necessary or expedient for the purpose of, or in connection with, acceptance of the Offer and to vest in 21st Century Fox (or its nominees) the full legal and beneficial ownership of Sky Shares in uncertificated form comprised in the acceptance;
- (d) the Electronic Acceptance constitutes the irrevocable appointment of the Receiving Agent as such Sky Shareholder’s attorney and/or agent with an irrevocable instruction and authorisation:
  - (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Sky Shareholder not having validly withdrawn his acceptance, to transfer to 21st Century

- Fox (or to such other person or persons as 21st Century Fox or its agents may direct) by means of CREST all or any of the Sky Shares in uncertificated form which are the subject of a TTE Instruction in respect of that Electronic Acceptance; and
- (ii) if the Offer does not become unconditional in all respects, to give instructions to Euroclear, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all such Sky Shares to the original available balance of the accepting Sky Shareholder;
- (e) the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects and to the Sky Shareholder not having validly withdrawn his acceptance, a separate and irrevocable instruction and authorisation:
- (i) to 21st Century Fox, any one of the Financial Advisers or their respective agents (subject to the provisions of paragraph 8 of Part C of this Section 2) to procure the making of a CREST payment obligation in favour of the Sky Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which the Sky Shareholder is entitled under the Offer, provided that 21st Century Fox may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque dispatched by post (or such other method as may be approved by the Panel) at the risk of the Sky Shareholder, to the first-named or sole holder at his registered address or, to such other address which is acceptable to 21st Century Fox at the risk of the Sky Shareholder, provided that if the Sky Shareholder concerned is a CREST member whose registered address is in a Restricted Jurisdiction, any cash consideration to which such shareholder is entitled shall be paid by cheque dispatched by post, at the risk of such Sky Shareholder, to the first-named or sole holder at an address outside a Restricted Jurisdiction stipulated by such holder or as otherwise determined by 21st Century Fox; and
  - (ii) to 21st Century Fox, the Financial Advisers, Sky or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of Sky in respect of his holding of Sky Shares (until such are revoked or varied);
- (f) the Electronic Acceptance constitutes the giving of separate authority to each of 21st Century Fox, the Financial Advisers, the Receiving Agent, and their respective directors and agents within the terms of Part C and this Part E of this Section 2 in respect of Sky Shares in uncertificated form comprised in the acceptance;
- (g) subject to the Offer becoming unconditional in all respects (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question) or if the Panel consents, for Sky Shares in respect of which the Offer has been accepted or deemed to be accepted, which acceptance has not been validly withdrawn and pending registration of any transfer in the name of 21st Century Fox (or as it may direct) pursuant to the Offer:
- (i) 21st Century Fox or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Sky or of any class of its shareholders) attaching to the Sky Shares in uncertificated form comprised in the acceptance; and
  - (ii) an Electronic Acceptance by a Sky Shareholder constitutes with regard to such Sky Shares in uncertificated form comprised in the acceptance:
    - (A) an irrevocable authority to Sky and/or its agents from such Sky Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him as a member of Sky (including any share certificate(s) and/or other document(s) of title issued as a result of a conversion of such Sky Shares into certificated form) to 21st Century Fox at its registered office;
    - (B) an irrevocable authority to 21st Century Fox and any director of, or any person authorised by, 21st Century Fox to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Sky Shares held by him in uncertificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his attorney and/or agent and on his behalf and/or to attend (and/or to execute a form of proxy in respect of such Sky Shares appointing any person nominated by 21st Century Fox to attend) general and separate class meetings of Sky (and any adjournments thereof) and to exercise the votes attaching to the Sky Shares in uncertificated form comprised or deemed to be comprised in

the acceptance on his behalf, where relevant that such votes are to be cast so far as possible to satisfy any outstanding Condition); and

- (C) the agreement of the Sky Shareholder not to exercise any of such rights without the consent of 21st Century Fox, and the irrevocable undertaking of such Sky Shareholder not to appoint a proxy for or to attend any such general meeting or separate class meeting of Sky;
- (h) if, for any reason, any Sky Shares in respect of which a TTE Instruction has been effected in accordance with paragraph 18 of the letter from 21st Century Fox contained in Section 1 of this document are converted to certificated form, he shall (without prejudice to paragraph (g) of this Part E) immediately deliver or procure the immediate delivery of the share certificate(s) and/or other document(s) of title in respect of all such Sky Shares that are so converted to the Receiving Agent at the address referred to in paragraph 3(b) of Part C of this Section 2, or to 21st Century Fox at its registered office, or as 21st Century Fox or its agents may direct, and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part D of this Section 2 in relation to such Sky Shares without prejudice to the application of this Part E as far as 21st Century Fox deems appropriate;
- (i) the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in paragraph (e) of this Part E shall, if and to the extent of the obligation so created, discharge in full any obligation of 21st Century Fox to pay to him the cash consideration to which he is entitled pursuant to the Offer;
- (j) he shall do all such acts and things as shall, in the opinion of 21st Century Fox, be necessary or expedient to vest in 21st Century Fox or its nominee(s) (or such other person(s) as 21st Century Fox may decide) the Sky Shares in uncertificated form comprised or deemed to be comprised in the acceptance and to enable the Receiving Agent to perform its functions as Escrow Agent for the purposes of the Offer;
- (k) he shall ratify each and every act or thing which may be done or effected by 21st Century Fox, any of the Financial Advisers or the Receiving Agent, or any directors or agents of, or any person authorised by, any of them, or by Sky or its agents, as the case may be, in the exercise of any of their powers and/or authorities under this Part E;
- (l) if any provision of Part C or this Part E of this Section 2 shall be unenforceable or invalid or shall not operate so as to afford 21st Century Fox, any of the Financial Advisers or the Receiving Agent or any of their respective directors, agents or persons authorised by them, the benefit of the authorities and powers of attorney expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents that may be required or desirable to enable those persons to secure the full benefits of Part C and this Part E of this Section 2;
- (m) the making of an Electronic Acceptance constitutes such Sky Shareholder's agreement to the terms of paragraphs 7(t) and 7(u) of Part C of this Section 2;
- (n) by virtue of Regulation 43 of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the CREST member accepting the Offer in favour of 21st Century Fox, the Receiving Agent and any of their respective directors or agents or persons authorised by either of them in the terms of all the powers and authorities expressed to be given by Part C, this Part E and (where applicable by virtue of paragraph (h) above) Part D of this Section 2;
- (o) he has good title to, and is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Sky Shares comprised or deemed to be comprised in such acceptance and that such Sky Shares are sold fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after the date of the Original Offer Announcement, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made, on or after the Effective Date; and
- (p) the Sky Shareholder is not a client (as defined in the FCA Handbook) of any of the Financial Advisers in connection with the Offer.

References in this Part E to a Sky Shareholder include references to the person or persons making an Electronic Acceptance and, if more than one makes an Electronic Acceptance, the provisions of this Part E shall apply to them jointly and to each of them.

## SECTION 3

### FINANCIAL AND RATINGS INFORMATION ON 21ST CENTURY FOX

#### Part A: Financial Information relating to 21st Century Fox

The following sets out financial information in respect of 21st Century Fox as required by Rule 24.3 of the City Code.

#### Financial information incorporated by reference

The following information is incorporated by reference into this document, pursuant to Rule 24.15 of the City Code. For the avoidance of doubt, only those sections of the sources specifically referred to below are incorporated by reference into, and form part of, this document.

This information is available free of charge on 21st Century Fox's website. To obtain a hard copy of any of the information listed below as having been incorporated by reference into this document contact Computershare Investor Services PLC at Corporate Actions 1, Bristol, BS99 6AF or by telephoning 0800 923 1519 or if calling from outside the UK +44 117 378 8270. You will not receive a hard copy of this information unless you so request.

Information incorporated by reference into this document	Hyperlink	Page numbers in reference document (inclusive)
21st Century Fox unaudited results for the quarterly period ended 31 March 2018	<a href="http://investor.21cf.com/static-files/89539f47-bf33-4a00-b989-8d996e103ab4">http://investor.21cf.com/static-files/89539f47-bf33-4a00-b989-8d996e103ab4</a>	1 – 47
21st Century Fox unaudited results for the quarterly period ended 31 December 2017	<a href="http://investor.21cf.com/static-files/221aed8b-3e28-4408-b760-874d6a463812">http://investor.21cf.com/static-files/221aed8b-3e28-4408-b760-874d6a463812</a>	1 – 44
21st Century Fox unaudited results for the quarterly period ended 30 September 2017	<a href="http://investor.21cf.com/static-files/770be130-029a-4839-8e40-3303f5d4a88e">http://investor.21cf.com/static-files/770be130-029a-4839-8e40-3303f5d4a88e</a>	1 – 37
21st Century Fox audited consolidated account for the financial year ended 30 June 2017	<a href="https://www.21cf.com/wp-content/uploads/2017/10/21cf_full_final_ar_2017.pdf">https://www.21cf.com/wp-content/uploads/2017/10/21cf_full_final_ar_2017.pdf</a>	64 – 135
21st Century Fox audited consolidated accounts for the financial year ended 30 June 2016	<a href="https://www.21cf.com/wp-content/uploads/2016/09/2016_21cf_annual_report.pdf">https://www.21cf.com/wp-content/uploads/2016/09/2016_21cf_annual_report.pdf</a>	63 – 136

#### No incorporation of website information

Save as expressly set out above, neither the contents of 21st Century Fox's website nor the contents of any website accessible from hyperlinks on 21st Century Fox's website are incorporated into, or form part of, this document.

## Part B: 21st Century Fox ratings and outlook information

The current ratings and outlooks publicly accorded to 21st Century Fox by Moody's, S&P and Fitch are as follows:

<u>Rating agency</u>	<u>Short-term rating</u>	<u>Long-term rating</u>	<u>Outlook</u>
Moody's .....	—	Baa1	Under review
S&P .....	—	BBB+	Watch developing
Fitch .....	—	BBB+	Negative watch

As at 3 August 2018, the latest practicable date prior to the date of this document, there had been the following changes to 21st Century Fox's ratings and/or outlooks during the Offer Period:

- (i) on 14 December 2017, Moody's placed the senior unsecured long term debt rating of Baa1 on Review for Upgrade following the announcement of the Disney Transaction, due to the benefit of 21st Century Fox merging with a higher-rated, larger entity, with strong implicit support from the future parent, Disney;
- (ii) on 14 December 2017, Fitch placed the BBB+ long-term issuer default rating assigned to 21st Century Fox on Rating Watch Negative following the announcement of the Disney Transaction. Fitch explained that the change was due to the lack of clarity regarding how 21st Century Fox's existing debt will be treated and where it and the debt incurred as a result of the Acquisition will ultimately reside in Disney's capital structure;
- (iii) on 14 December 2017, following the announcement of the Disney Transaction, S&P revised the CreditWatch implications of its BBB+ corporate credit rating on 21st Century Fox to Developing from Negative. The reasons given by S&P were that: (i) assets were being sold to Disney, which has a higher S&P rating than 21st Century Fox; and (ii) the revised CreditWatch status reflected the uncertain regulatory status and timeline around the Acquisition and the Disney Transaction; and
- (iv) on 9 December 2016, S&P placed 21st Century Fox on CreditWatch with negative implications. The reasons given by S&P were that it expected that 21st Century Fox would fund the Acquisition through a combination of cash on hand and incremental debt and that, when taken together with Sky's debt, this would cause 21st Century Fox's pro forma debt levels to exceed S&P's threshold for the BBB+ corporate credit rating.

## SECTION 4

### FINANCIAL AND RATINGS INFORMATION ON SKY

#### Part A: Financial Information

The following sets out financial information in respect of Sky as required by Rule 24.3 of the City Code.

#### Financial information incorporated by reference

The following information is incorporated by reference into this document, pursuant to Rule 24.15 of the City Code. For the avoidance of doubt, only those sections of the sources specifically referred to below are incorporated by reference into, and form part of, this document.

This information is available on Sky's corporate website. To obtain a hard copy of any of the information listed below as having been incorporated by reference into this document contact Computershare Investor Services PLC at Corporate Actions 1, Bristol, BS99 6AF or by telephoning 0800 923 1519 or if calling from outside the UK +44 117 378 8270. You will not receive a hard copy of this information unless you so request.

Information incorporated by reference into this document	Hyperlink	Page numbers in reference document (inclusive)
Sky preliminary statement of annual results for financial year ended 30 June 2018	<a href="https://www.skygroup.sky/corporate/investors/rns/2360132">https://www.skygroup.sky/corporate/investors/rns/2360132</a>	—
Sky unaudited results for the nine months ended 31 March 2018	<a href="https://www.skygroup.sky/corporate/investors/rns/2343356">https://www.skygroup.sky/corporate/investors/rns/2343356</a>	—
Sky unaudited results for the six months ended 31 December 2017	<a href="https://www.skygroup.sky/corporate/investors/rns/2328341">https://www.skygroup.sky/corporate/investors/rns/2328341</a>	—
Sky unaudited results for the three months ended 30 September 2017	<a href="https://www.skygroup.sky/corporate/investors/rns/2306154">https://www.skygroup.sky/corporate/investors/rns/2306154</a>	—
Sky audited consolidated accounts for the financial year ended 30 June 2017	<a href="https://www.skygroup.sky/corporate/articles/annual-report-2017">https://www.skygroup.sky/corporate/articles/annual-report-2017</a>	84 – 137
Sky audited consolidated accounts for the financial year ended 30 June 2016	<a href="https://www.skygroup.sky/corporate/annual-report-2016">https://www.skygroup.sky/corporate/annual-report-2016</a>	76 – 131

#### No incorporation of website information

Save as expressly referred to in this document, neither the contents of Sky's websites nor the contents of any website accessible from hyperlinks on Sky's websites are incorporated into, or form part of, this document.



## Part B: Sky ratings and outlook information

The current ratings and outlooks publicly accorded to Sky by Moody's, S&P and Fitch are as follows:

<u>Rating agency</u>	<u>Long-term rating</u>	<u>Outlook</u>
Moody's .....	Baa2	Developing
S&P .....	BBB	Developing
Fitch .....	BBB-	Positive watch

As at 3 August 2018, the latest practicable date prior to the date of this document, there had been the following changes to Sky's ratings and/or outlooks during the Offer Period:

- (i) on 26 September 2017, following the end of Sky's fiscal year, S&P placed Sky's BBB long-term rating on CreditWatch Developing as a consequence of concerns that Sky's deleveraging would take longer than previously expected. Prior to this date, S&P had assigned Sky a BBB long-term rating with a CreditWatch Positive outlook;
- (ii) on 20 December 2016, following 21st Century Fox's firm offer announcement for Sky on 15 December 2016, Moody's changed Sky's Baa2 long-term rating outlook to Developing on concerns that Moody's did not have visibility as to possible changes to the post-acquisition capital structure of Sky as a result of the offer's pre-conditions and the likelihood of a lengthy regulatory review process. Prior to this date, Moody's had assigned Sky a long-term rating of Baa2 with a Stable rating outlook;
- (iii) on 19 December 2016, following 21st Century Fox's firm offer announcement for Sky on 15 December 2016, Fitch placed Sky's BBB- long-term rating on Rating Watch Positive on the basis of expected strong strategic and operational links with 21st Century Fox as a higher credit rated possible parent company. Prior to this date, Fitch had assigned Sky a long-term rating of BBB- with a Stable rating outlook; and
- (iv) on 13 December 2016, following 21st Century Fox's possible offer announcement for Sky on 9 December 2016, S&P placed Sky's BBB long-term rating on CreditWatch Positive on the belief that there was a significant likelihood that a final agreement could be reached. Prior to this date, S&P had assigned Sky a long-term rating of BBB with a Negative rating outlook.

## SECTION 5

### TAXATION

#### 1. UK Taxation

The following paragraphs summarise certain limited aspects of the UK tax treatment of Sky Shareholders under the Offer and do not purport to be a complete analysis of all tax considerations relating to the Offer. The paragraphs are based on current law and HM Revenue and Customs practice (both of which are subject to change, possibly with retrospective effect) as at the date of this document. The paragraphs are intended as a general guide and apply only to Sky Shareholders who are resident, or in the case of individuals, resident and domiciled for tax purposes in the UK, who hold their Sky Shares as an investment (and not as securities to be realised in the course of a trade) and who are the absolute beneficial owners of those shares (referred to in this Section 5 as UK Sky Shareholders).

The position may be different for holders who have acquired or acquire their Sky Shares under the Sky Share Plans. Certain Sky Shareholders, such as dealers in securities, insurance companies, employees and officers, those exempt from taxation, and collective investment vehicles, may be taxed differently and are not considered.

Sky Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

#### *Taxation of capital gains*

A UK Sky Shareholder who accepts the Offer and receives cash under the Offer will make a disposal, or part disposal, of the UK Sky Shareholder's Sky Shares for the purposes of UK capital gains tax or corporation tax on chargeable gains (as applicable). Such disposal may, depending on that UK Sky Shareholder's particular circumstances (including the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK tax on chargeable gains or, alternatively, an allowable capital loss.

#### *Individuals*

Subject to available exemptions, reliefs and/or allowable losses, a gain arising on the disposal of Sky Shares under the Offer by an individual UK Sky Shareholder will be taxed at the rate of 10 per cent. except to the extent that the gain, when it is aggregated with that individual UK Sky Shareholder's other taxable income and gains in the relevant tax year, exceeds the upper limit of the basic rate income tax band (£46,350 for the tax year ending 5 April 2019), in which case it will be taxed at the rate of 20 per cent.

The capital gains tax annual exemption (£11,700 for the tax year ending 5 April 2019) may be available to individual UK Sky Shareholders to offset against chargeable gains realised on the disposal of Sky Shares held by them.

#### *Companies*

Subject to available exemptions, reliefs and/or allowable losses, a gain arising on the disposal of Sky Shares under the Offer by a UK Sky Shareholder which is a company will be subject to UK corporation tax (the rate of which is 19 per cent. for the financial year ending 31 March 2019).

For UK Sky Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding exemption in respect of their Sky Shares), indexation allowance may be available to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of their Sky Shares. However, under the Finance Act 2018 the amount of indexation allowance available for disposals on or after 1 January 2018 has been limited to the amount of any indexation allowance calculated up to 31 December 2017.

The substantial shareholding exemption may apply to exempt from corporation tax any chargeable gain (or disallow any loss) arising to UK Sky Shareholders within the charge to UK corporation tax where a number of conditions are satisfied, including that the relevant UK Sky Shareholder has held not less than 10 per cent. of the ordinary issued share capital of Sky for a period of at least one year before the date of disposal.

### *Sky Share Plans*

Special tax provisions may apply to Sky Shareholders who have acquired or acquire their Sky Shares pursuant to the Sky Share Plans, including provisions imposing a charge to UK income tax and National Insurance Contributions when an option or award is exercised. Such Sky Shareholders are advised to seek independent professional advice.

### *Stamp duty and stamp duty reserve tax*

No UK stamp duty or UK stamp duty reserve tax should be payable by Sky Shareholders in respect of the transfer of their Sky Shares as a result of accepting the Offer.

### *Taxation of dividends*

#### *Individuals*

An individual UK Sky Shareholder will not be liable to UK income tax on any dividend received by it to the extent that (taking account of any other dividend(s) received in the same tax year) such dividend(s) do not exceed a dividend allowance of £2,000 (the **Nil Rate Amount**).

Subject to the availability of any personal allowance and taking account of any other dividends received by that UK Sky Shareholder in the same tax year, an individual UK Sky Shareholder will be subject to UK income tax on the amount (if any) of any dividend in excess of the Nil Rate Amount:

- at the rate of 7.5 per cent, to the extent that such amount falls below the threshold for the higher rate of UK income tax;
- at the rate of 32.5 per cent. to the extent that such amount falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax; and
- at the rate of 38.1 per cent. to the extent that such amount falls above the threshold for the additional rate of UK income tax,

in each case, when that amount is treated as the top slice of the UK Sky Shareholder's income.

For the tax year ending 5 April 2019, the threshold for the higher rate of UK income tax is £34,500 and the threshold for the additional rate of UK income tax is £150,000 (although each of these thresholds can be increased in some circumstances).

#### *Companies*

UK Sky Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to UK corporation tax on any dividend that they receive, provided certain conditions are met.

For other UK Sky Shareholders within the charge to UK corporation tax, any dividend that they receive should generally fall within one or more of the classes of dividend qualifying for exemption from UK corporation tax. However, the exemptions are not comprehensive and are also subject to anti-avoidance rules. Each UK Sky Shareholder's position will depend on its own individual circumstances and appropriate professional advice should be sought where necessary.

#### *Withholding*

Under current UK legislation, no tax is required to be withheld from payment by Sky of any dividend.

## **2. Certain U.S. Federal Income Tax Consequences**

**The following summary describes certain U.S. federal income tax consequences to U.S. Holders (as defined below) with respect to the disposition of Sky Shares pursuant to the Offer. It addresses only U.S. Holders that hold Sky Shares as capital assets (generally, property held for investment) within the meaning of section 1221 of the Internal Revenue Code.**

**The following summary does not purport to be a complete analysis of all of the potential U.S. federal income tax considerations that may be relevant to particular U.S. Holders in light of their particular circumstances nor does it deal with persons that are subject to special tax rules, such as brokers, dealers in securities or currencies, financial institutions, mutual funds, insurance companies, tax-exempt entities, qualified retirement plans or other tax deferred accounts, holders that own or have owned more**

than 5 per cent. of the Sky Shares by vote or value (whether those Sky Shares are or were actually or constructively owned), regulated investment companies, real estate mortgage investment conduits, real estate investment trusts, common trust funds, holders subject to the alternative minimum tax, corporations that accumulate earnings to avoid U.S. federal income tax, persons holding Sky Shares as part of a straddle, hedge or conversion transaction or as part of a synthetic security or other integrated transaction, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, U.S. Holders that have a “functional currency” other than the U.S. dollar, U.S. expatriates and persons that acquired Sky Shares in a compensatory transaction. In addition, this summary does not address persons that hold an interest in a partnership, S corporation or other pass-through entity that holds Sky Shares, or tax considerations arising under the laws of any state, local or non-U.S. jurisdiction or certain U.S. federal non-income tax considerations (e.g., the federal estate or gift tax, or the application of the Medicare tax on net investment income).

The following is based on the provisions of the Internal Revenue Code, final, proposed and temporary U.S. Treasury regulations promulgated under the Internal Revenue Code (the **Treasury Regulations**), administrative rulings and other guidance, and court decisions, in each case as in effect on the date of this document, all of which are subject to change, possibly with retroactive effect.

As used herein, the term “U.S. Holder” means a beneficial owner of Sky Shares that is, for U.S. federal income tax purposes, (a) a citizen or individual resident of the U.S.; (b) a corporation created or organised in or under the laws of the U.S. or any political subdivision of the U.S.; (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust if (i) a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons, within the meaning of section 7701(a)(30) of the Internal Revenue Code, have authority to control all of the trust’s substantial decisions or (ii) the trust has properly elected under applicable Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes. If a partnership (including, for this purpose, any entity treated as a partnership for U.S. federal tax purposes) is a beneficial owner of Sky Shares, the treatment of a partner in the partnership will generally depend on the status of the partner and upon the activities of the partnership.

Partnerships that are beneficial owners of Sky Shares, and partners in such partnerships, should consult their own tax advisers regarding the U.S. federal, state, local and non-U.S. tax considerations applicable to them with respect to the disposition of Sky Shares pursuant to the Offer.

**This summary is of a general nature only. It is not intended to constitute, and should not be construed to constitute, legal or tax advice to any particular holder. Because individual circumstances may vary, U.S. Holders should consult their own tax advisers as to the tax consequences of the Offer in light of their particular circumstances, including the application of any state, local or non-U.S. tax laws and any changes in such laws.**

This discussion assumes that Sky is not, and never has been, a Passive Foreign Investment Company (a **PFIC**) for U.S. federal income tax purposes. A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules”, either (i) at least 75 per cent. of its gross income is “passive income” or (ii) at least 50 per cent. of the average quarterly value of its assets is attributable to assets that produce passive income or are held for the production of passive income. If it were determined that Sky is or has been a PFIC, the U.S. federal income tax consequences of an exchange of Sky Shares for cash pursuant to the Offer will differ from the U.S. federal income tax consequences described below. U.S. Holders should consult their tax adviser regarding the potential application of the PFIC regime.

The exchange of Sky Shares for cash pursuant to the Offer will be a taxable transaction to U.S. Holders for U.S. federal income tax purposes. A U.S. Holder generally will recognise gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received and the U.S. Holder’s adjusted tax basis in the Sky Shares exchanged. The U.S. dollar value of the amount of pounds sterling to be received for purposes of determining such gain or loss will, for U.S. Holders on the cash method of accounting, be based on the spot rate of exchange on the date the U.S. Holder receives such pounds sterling, even though U.S. Holders generally will be treated for U.S. federal income tax purposes as having disposed of their Sky Shares on the later of: (a) the date the Offer becomes or is declared unconditional in all respects; and (b) the date a U.S. Holder validly accepts the Offer (the **Effective Date**). U.S. Holders on the accrual method of accounting are permitted to make a special election (which election must be applied consistently from year to year and cannot be changed without the consent of the Internal Revenue Service) to receive the same treatment as cash method taxpayers described in the prior sentence. For U.S. Holders on the accrual method of accounting who do not make such special election, the U.S.

dollar value of the amount of pounds sterling for purposes of determining the U.S. Holder's gain or loss on the disposition of Sky Shares will be based on the spot rate of exchange on the Effective Date. A U.S. Holder's adjusted tax basis in the Sky Shares generally will be the U.S. dollar value of the amount paid to purchase the Sky Shares. Gain or loss must be determined separately for each block of Sky Shares (i.e., Sky Shares acquired at the same cost in a single transaction). Such recognised gain or loss will be treated as capital gain or loss, which will be long-term capital gain or loss if the U.S. Holder has a holding period exceeding one year on the Effective Date. The deductibility of capital loss is subject to limitations.

A U.S. Holder on the accrual method of accounting who does not make the special election described above will generally recognise foreign currency gain or loss for U.S. federal income tax purposes equal to the difference (if any) between the U.S. dollar values of the pounds sterling to be received in exchange for such U.S. Holder's Sky Shares on the Effective Date and on the date such pounds sterling are actually received by such U.S. Holder (based on the spot rates of exchange in effect on such dates). Any such foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss.

A U.S. Holder will have a tax basis in the pounds sterling received in exchange for Sky Shares equal to the U.S. dollar value of such pounds sterling on the date received. Upon the disposition of such pounds sterling, such as a conversion into U.S. dollars, the U.S. Holder generally will recognise foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the amount of U.S. dollars received in such conversion (or the U.S. dollar value of any other consideration received in exchange for such pounds sterling) and the U.S. Holder's tax basis in such pounds sterling.

### ***Taxation of any dividends***

The gross amount of distributions on the Sky Shares will be taxable as dividends to the extent paid out of Sky's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such income will be includable in a U.S. Holder's gross income as ordinary income on the day actually or constructively received by the U.S. Holder. Such dividends will be treated as foreign source income and will not be eligible for the dividends received deduction allowed to corporations under the Internal Revenue Code.

With respect to non-corporate U.S. Holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the U.S. that the HM Treasury in the UK determines to be satisfactory for these purposes and that includes an exchange of information provision. The HM Treasury in the UK has determined that the treaty between the U.S. and the United Kingdom meets these requirements. However, non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to section 163(d)(4) of the Internal Revenue Code will not be eligible for the reduced rates of taxation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. U.S. Holders should consult their own tax advisers regarding the application of these rules to their particular circumstances.

The amount of any dividend paid by Sky in pounds sterling will equal the U.S. dollar value of the pounds sterling actually or constructively received, based on the spot rate of exchange in effect on the date the dividend is so received by the U.S. Holder, regardless of whether such pounds sterling are converted into U.S. dollars. The U.S. Holder will have a tax basis in the pounds sterling equal to such U.S. dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of such pounds sterling will be treated as U.S. source ordinary income or loss.

To the extent that the amount of any distribution exceeds Sky's current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the U.S. Holder's adjusted basis of the Sky Shares, and to the extent such excess exceeds the U.S. Holder's tax basis, it will be taxed as capital gain. Any such capital gain will be long-term capital gain if the U.S. Holder has a holding period for such Sky Shares exceeding one year on the date it actually or constructively receives the distribution.

**The above summary is not intended to constitute a complete analysis of all tax consequences to Sky Shareholders with respect to the disposition of Sky Shares pursuant to the Offer. Sky Shareholders should consult their own tax advisers as to the tax consequences applicable to them in light of their particular circumstances.**

## SECTION 6

### ADDITIONAL INFORMATION

#### 1. Responsibility

The directors of 21st Century Fox, whose names are set out in paragraph 2(a) below, each accept responsibility for the information contained in this document (including any expressions of opinion), except that the only responsibility accepted by them in respect of information relating to Sky, the Wider Sky Group and the Sky Board, which has been compiled from previously published sources, has been to ensure that such information has been fairly and properly reproduced and presented. To the best of the knowledge and belief of the directors of 21st Century Fox (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors and registered offices

- (a) 21st Century Fox is a public company incorporated under the laws of the state of Delaware.

The principal and registered office of 21st Century Fox, which is also the business address of each director of 21st Century Fox, is at 1211 Avenue of the Americas, New York, NY, 10036, United States.

The directors of 21st Century Fox and their respective positions are:

Name	Position
Rupert Murdoch . . . . .	Executive Chairman
Lachlan K. Murdoch . . . . .	Executive Chairman
Chase Carey . . . . .	Vice Chairman
James R. Murdoch . . . . .	Chief Executive Officer
Sir Roderick I. Eddington . . . . .	Lead Director
Delphine Arnault . . . . .	Director
James W. Breyer . . . . .	Director
David F. DeVoe . . . . .	Director
Viet Dinh . . . . .	Director
Jacques Nasser . . . . .	Director
Robert S. Silberman . . . . .	Director
Tidjane Thiam . . . . .	Director

- (b) The principal and registered office of Sky, which is also the business address of each Sky director, is at Grant Way, Isleworth, Middlesex, TW7 5QD.

The directors of Sky and their respective positions are:

Name	Position
James R. Murdoch . . . . .	Chairman
Jeremy Darroch . . . . .	Group Chief Executive Officer
Andrew Griffith . . . . .	Group Chief Operating Officer and Chief Financial Officer
Chase Carey . . . . .	Non-Executive Director
Tracy Clarke . . . . .	Independent Non-Executive Director
Martin Gilbert . . . . .	Deputy Chairman
Adine Grate . . . . .	Independent Non-Executive Director
John Nallen . . . . .	Non-Executive Director
Matthieu Pigasse . . . . .	Independent Non-Executive Director
Andrew Sukawaty . . . . .	Senior Independent Director
Katrim Wehr-Seiter . . . . .	Independent Non-Executive Director



### 3. Stock Exchange quotations

The following table sets out the closing middle market quotations for Sky Shares as derived from the Daily Official List for: (i) the first dealing day in each of the six months immediately prior to the date of this document; (ii) 8 December 2016 (being the last dealing day prior to the commencement of the Offer Period); and (iii) 3 August 2018 (being the latest practicable date prior to the publication of this document):

Date	Share price (p)
8 December 2016 .....	789.5
1 March 2018 .....	1,372
3 April 2018 .....	1,325
2 May 2018 .....	1,373
1 June 2018 .....	1,337
2 July 2018 .....	1,464
1 August 2018 .....	1,517
3 August 2018 .....	1,513

### 4. Disclosures of interests and dealings in shares

4.1 For the purposes of paragraphs 4 and 5 of this Section 6:

- (a) **acting in concert** with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the City Code;
- (b) **arrangement** includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) **close relative** has the meaning given to it in the City Code;
- (d) **dealing** has the meaning given to it in the City Code and **dealt** has the corresponding meaning;
- (e) **derivative** has the meaning given to it in the City Code;
- (f) **disclosure date** means close of business on 3 August 2018, being the latest practicable date prior to publication of this document;
- (g) **disclosure period** means the period beginning on 9 December 2015 (being the date that is 12 months before the start of the Offer Period) and ending on the disclosure date;
- (h) **interest** or **interests** in relevant securities shall have the meaning given to it in the City Code;
- (i) **relevant Sky securities** means relevant securities (such term having the meaning given to it in the City Code in relation to an offeree) of Sky including equity share capital of Sky (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and
- (j) **short position** means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

#### 4.2 Interests in relevant Sky securities

As at the disclosure date, persons acting in concert with 21st Century Fox had an interest in, a right to subscribe in respect of, or a short position in relation to, the following Sky securities:

Party	Number of Sky Shares	Interest in Sky issued share capital as at disclosure date
21st Century Fox UK Nominees Limited on trust for B SkyB Holdco Inc. ....	672,783,139	39.14%
Jacques Nasser .....	4,214	0.00%

#### 4.3 Interests of significant shareholders in 21st Century Fox

As at the disclosure date, 21st Century Fox has two classes of common stock, Class A Common Stock, which has limited voting rights and Class B Common Stock, which has voting rights. As at the disclosure

date Cruden Financial Services LLC (**Cruden**), a Delaware limited liability company, is the only person known by 21st Century Fox to beneficially own more than five per cent. of the outstanding shares of Class B Common Stock. Cruden is the corporate trustee of the Murdoch Family Trust. All of the shares of Class A Common Stock and Class B Common Stock beneficially owned by Cruden are also beneficially owned by the Murdoch Family Trust. At close of business on 3 August 2018 (being the latest practicable date prior to publication of this document), Cruden had the power to vote and to dispose or direct the vote and disposition of 306,623,480 shares of the Class B Common Stock of 21st Century Fox, which represented 38.4 per cent. of the currently issued and outstanding shares of Class B Common Stock at such time, and the power to exercise the limited vote and to dispose or direct the limited vote and disposition of 57,000 shares of the Class A Common Stock of 21st Century Fox, which represented less than one per cent. of the currently issued and outstanding shares of Class A Common Stock at that time.

<u>Shareholder</u>	<u>Class of 21st Century Fox share</u>	<u>Number of 21st Century Fox shares<sup>(1)</sup></u>	<u>Estimated % indirect interest in Sky's share capital following completion of the Acquisition<sup>(2)</sup></u>
Cruden Financial Services LLC . . . . .	Class A common stock	57,000	0.003
Murdoch Family Trust . . . . .	Class B common stock	306,623,480	16.55

**Notes:**

- (1) This information is based on information filed with the SEC by beneficial owners of 21st Century Fox common stock.
- (2) Assuming: (i) the acquisition of 100 per cent. of Sky Shares; (ii) the holdings of the Murdoch Family Trust and Cruden reported on 20 June 2018, have not changed since such date and will not change prior to completion of the Acquisition; (iii) 1,054,053,200 shares of Class A Common Stock outstanding as at 3 August 2018 and on completion of the Acquisition; and (iv) 798,520,953 shares of Class B Common Stock outstanding as at 3 August 2018 and on completion of the Acquisition.

#### 4.4 General

Save as disclosed in paragraph 4.2 above, as at the disclosure date:

- (a) no member of the 21st Century Fox Group had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to, or had any delivery obligation or any right to require another person to take delivery of relevant Sky securities, nor has any member of the 21st Century Fox Group dealt in any relevant Sky securities during the disclosure period;
- (b) none of the directors of 21st Century Fox had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to, or had any delivery obligation or any right to require another person to take delivery of relevant Sky securities, nor has any such person dealt in any relevant Sky securities during the disclosure period;
- (c) no person deemed to be acting in concert with 21st Century Fox has any interest in, right to subscribe in respect of, or any short position under a derivative in relation to, or had any delivery obligation or any right to require another person to take delivery of, relevant Sky securities, nor has any such person dealt in any relevant Sky securities, during the disclosure period;
- (d) neither 21st Century Fox nor any person acting in concert with 21st Century Fox has any arrangement with any other person and, therefore, no such person has dealt in any relevant Sky securities during the disclosure period; and
- (e) neither 21st Century Fox nor any person acting in concert with it, has borrowed or lent any relevant Sky securities, save for any borrowed shares which have been either on-lent or sold.

## 5. Persons acting in concert

5.1 In addition to the directors of 21st Century Fox (together with their respective close relatives and related trusts) and the members of the 21st Century Fox Group, the following persons are acting in concert with 21st Century Fox for the purposes of the Acquisition:

Name	Type of company	Registered office	Relationship with 21st Century Fox
Deutsche Bank AG London	Aktiengesellschaft	Winchester House 1 Great Winchester Street London, EC2N 2DB	Lead Financial Adviser to 21st Century Fox in relation to the Acquisition
Centerview Partners	Limited Liability Partnership	10 Norwich Street, London, EC4A 1BD	Financial Adviser to 21st Century Fox in relation to the Acquisition
Goldman Sachs International	Private Unlimited Company	Peterborough Court, 133 Fleet Street, London, EC4A 2BB	Financial Adviser to 21st Century Fox in relation to the Acquisition
The Walt Disney Company	Delaware corporation	500 South Buena Vista Street, Burbank, California 91521	A party to the Disney Transaction
Cruden Financial Service LLC	Delaware limited liability company	c/o McDonald Carano, LLP, 100 W. Liberty Street, 10th Floor, Reno, NV 89501	Shareholder in 21st Century Fox and corporate trustee of the Murdoch Family Trust

5.2 In addition to the directors of Sky (together with their close relatives, the related trusts of any of them and their connected persons) and members of the Sky Group, based on the Original Offer Announcement, the following persons are acting in concert (as defined in paragraph 4.1(a) of this Section 6) with Sky for the purposes of the Acquisition and who are required to be disclosed are:

Name	Type of company	Registered office	Relationship with Sky
Morgan Stanley	Public Limited Company	25 Cabot Square, Canary Wharf, London, E14 4QA	Financial Adviser and corporate broker to Sky in relation to the Acquisition
PJT Partners	Private Limited Company	5th Floor, One Curzon Street, London, W1J 5HD	Financial Adviser to Sky in relation to the Acquisition
Barclays	Public Limited Company	1 Churchill Place, London, E14 5HP	Financial Adviser and corporate broker to Sky in relation to the Acquisition

## 6. Irrevocable undertakings

(a) Irrevocable undertakings to accept the Offer have been received by 21st Century Fox from the following persons in respect of the following holdings of Sky Shares:

Name of Sky Shareholder	Number of Sky Shares	Percentage of Sky issued share capital
Tracy Clarke	5,098	0.00%
Jeremy Darroch	743,101	0.04%
Martin Gilbert	9,199	0.00%
Adine Grate	29,934	0.00%
Andrew Griffith	198,851	0.01%
Matthieu Pigasse	9,210	0.00%
Andrew Sukawaty	5,768	0.00%

(b) The irrevocable undertakings shall lapse if:

- (i) 21st Century Fox announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition;
- (ii) if the Acquisition is implemented by way of a Scheme and any resolution is not approved by the requisite majority at the Court Meeting or the Sky General Meeting, respectively;
- (iii) if the Offer lapses, terminates or is withdrawn; or
- (iv) if 15 October 2018 is reached without the Acquisition having completed.

## 7. 21st Century Fox material contracts

The following contracts have been entered into by members of the 21st Century Fox Group otherwise than in the ordinary course of business since 9 December 2014 (being the date two years prior to the commencement of the Offer Period) and are or may be material.

### 7.1 Bridge Facility Agreement

On 15 December 2016, 21CFA, as borrower, and 21st Century Fox, as parent guarantor, entered into a bridge facility agreement with, among others, Goldman Sachs Bank USA, Deutsche Bank Securities Inc. and JPMorgan Chase Bank, N.A. as joint lead arrangers and joint bookrunners, the lenders party thereto from time to time, Goldman Sachs Bank USA, Deutsche Bank AG Cayman Islands Branch and J.P. Morgan Europe Limited as co-administrative agents, and J.P. Morgan Europe Limited as designated agent, to provide commitments and advances to 21CFA in an aggregate amount up to £12.2 billion. On 22 December 2016, Bank of America, N.A. and Citibank, N.A. were each appointed, under a syndication agents fee letter, to act as a syndication agent with respect to the commitments and advances under the Bridge Facility Agreement. On 23 March 2018, 21CF announced that Bank of America had transferred all of its rights and obligations under the Bridge Facility Agreement, including its role as a syndication agent, to Citibank N.A.

On 11 July 2018, 21CFA, 21st Century Fox, Goldman Sachs Bank USA, Goldman Sachs Lending Partners LLC, Deutsche Bank AG Cayman Islands Branch, JPMorgan Chase Bank, N.A., London Branch and J.P. Morgan Europe Limited entered into the First Amendment to Bridge Facility Agreement, which, among other things, increased the aggregate amount of the financing commitments under the Bridge Facility Agreement from £12.2 billion to £15.325 billion.

The proceeds of the Bridge Facility Agreement are to be applied to finance: (i) the payment of the Acquisition Consideration pursuant to the Offer (or any proposal in respect of any options and/or awards under the Sky Share Plans); and (ii) the payment of fees, costs and expenses in respect of the Acquisition.

Borrowings under the Bridge Facility Agreement are conditional on market standard conditions for a facility of its nature, including the absence of major defaults and accuracy of major representations made in the Bridge Facility Agreement. In addition to the occurrence of certain other mandatory cancellation events, the commitments under the Bridge Facility Agreement will terminate on the earlier of: (A) the date falling 120 days from the date on which the conditions to utilisation under the Bridge Facility Agreement are satisfied (or waived); (B) the date the Offer lapses, fails or is withdrawn (other than for the purpose of switching from an Offer to a Scheme); (C) the date on which all of the purposes of the Bridge Facility Agreement have been achieved without the making of any loan thereunder; and (D) 15 October 2018, if the date on which the conditions to utilisation under the Bridge Facility Agreement are satisfied (or waived) has not occurred prior thereto.

The Bridge Facility Agreement contains provisions requiring mandatory reduction of unused outstanding commitments and mandatory prepayment of outstanding advances, on a pound sterling-for-pound sterling basis, in the event that 21CFA, as borrower, 21st Century Fox or its subsidiaries receive proceeds from subsequent equity or debt offerings and certain debt financings, subject to certain exceptions. All mandatory prepayments and commitment reductions will be applied without penalty or premium (except for breakage costs and accrued interest, if any) and will be applied pro rata among the lenders of the applicable class of advances or commitments.

The Bridge Facility Agreement contains customary “certain funds” provisions which prevent the lenders from refusing to make the facility available or cancelling their commitments unless a major default is continuing or would result from utilisation of the facility, a major representation is not true (in all material respects (if there is no materiality included therein)) or it is illegal for a lender to fund any loans under the Bridge Facility Agreement and/or there is an injunction, restraining order or equivalent prohibiting the lender from lending its portion. Major defaults include a payment default in respect of principal, interest or other fees under the Bridge Facility Agreement, a misrepresentation insofar as it relates to a major representation, an insolvency of 21st Century Fox or 21CFA, invalidity of the Bridge Facility Agreement against 21CFA or 21st Century Fox in any material respect, the occurrence of a change of control resulting in 21CFA ceasing to be a subsidiary of 21st Century Fox and certain limited covenant defaults. Major representations include representations in respect of 21CFA’s and 21st Century Fox’s status, power and authority, and no violation of material applicable laws or their constitutional documents.

Loans made under the Bridge Facility Agreement will be available in sterling only. Amounts outstanding under the Bridge Facility Agreement will bear interest at a percentage rate per annum which is the aggregate

of the Eurocurrency Rate (as defined therein) and a margin of between 0.875 per cent. per annum and 2.25 per cent. per annum (depending on the public debt rating announced by S&P, Moody's and/or Fitch and the period of time lapsed after the date on which the conditions to utilisation under the Bridge Facility Agreement were satisfied (or waived)). Interest on advances shall be payable in arrears on the last day of each interest period, being an interest period of one, two, three or six months (or, if agreed by each lender, 12 months), unless the relevant interest period exceeds three months in which case interest shall be paid on the day that occurs every three months from the first day of that interest period until the loan is repaid. Each loan shall be repaid on the date falling (in the case of tranche 1 loans) 364 days after the date on which the conditions to utilisation under the Bridge Facility Agreement are satisfied and (in the case of tranche 2 loans) 180 days after the date on which the conditions to utilisation under the Bridge Facility Agreement are satisfied. 21CFA may voluntarily prepay the loans and terminate the commitments under the Bridge Facility Agreement at any time without premium or penalty (subject to customary breakage costs if loans are prepaid before the end of an interest period).

In addition, a commitment fee is payable on each lender's undrawn commitments from the date that is 90 days after the effective date in respect of the Bridge Facility Agreement until the commitments thereunder are terminated at a rate between 0.08 per cent. per annum and 0.175 per cent. per annum, depending on the public debt rating announced by S&P, Moody's and/or Fitch. The commitment fee is payable on the last business day of each March, June, September and December (commencing with the first quarter date to occur after the effective date of the Bridge Facility Agreement). Further, a duration fee is payable on each lender's drawn and undrawn commitments on the dates falling 90 days, 180 days and 270 days after the date on which the conditions to utilisation under the Bridge Facility Agreement are satisfied (or waived) in an amount equal to 0.50 per cent., 0.75 per cent. and 1.00 per cent. (respectively) of such commitments.

The Bridge Facility Agreement contains customary affirmative covenants including, among others, covenants regarding compliance with applicable laws and regulations, and the provision of financial statements. The Bridge Facility Agreement contains customary negative covenants limiting the ability of 21CFA and 21st Century Fox and/or, in certain cases, certain subsidiaries to, among other things, grant liens, incur indebtedness, change its business or effect a merger. The affirmative and negative covenants are subject to certain customary qualifications and carve-outs, including thresholds and baskets.

The Bridge Facility Agreement also contains customary events of default including, among others, the failure by 21CFA and 21st Century Fox to make a payment due under the Bridge Facility Agreement, the making of a materially incorrect representation or warranty by any of 21CFA or 21st Century Fox in the Bridge Facility Agreement, insolvency of 21CFA and 21st Century Fox, acceleration of certain other financial indebtedness and the failure by 21CFA or 21st Century Fox to perform or observe any term or covenant in the Bridge Facility Agreement, subject to customary notice, cure and materiality provisions. Subject to the certain funds provisions, upon occurrence of an event of default which is continuing, the designated agent shall, at the request of the required lenders, or may, with the consent of the required lenders, terminate the obligations to make loans under the Bridge Facility Agreement and declare all amounts payable under the Bridge Facility Agreement immediately payable.

## 7.2 Revolving Credit Facility

On 21 May 2015, 21CFA, as borrower, and 21st Century Fox, as parent guarantor, entered into an amended and restated revolving credit facility agreement with, among others, J.P. Morgan Securities LLC, Citigroup Global Markets Inc. and Merrill Lynch Pierce, Fenner & Smith Incorporated as joint lead arrangers and joint bookrunners, a syndicate of lenders and JPMorgan Chase Bank, N.A. and Citibank, N.A. as co-administrative agents, providing for a revolving credit facility of up to US\$1.4 billion (as amended pursuant to that certain first amendment to the amended and restated credit agreement, dated 22 December 2016, the **Revolving Credit Facility**). 21CFA may request an increase in the amount of the Revolving Credit Facility up to a maximum amount of US\$2 billion.

The Revolving Credit Facility may be drawn down by way of loans in U.S. dollars or by the issue of letters of credit in U.S. dollars or euro. Utilisations under the Revolving Credit Facility are available for general corporate purposes. The interest payable on each loan is either, at the option of 21CFA, the aggregate of the Base Rate (as defined therein), for loans which are designated Base Rate loans, or the Eurodollar Rate (as defined therein), for loans which are designated Eurodollar Rate loans, plus a margin of between 0.795% per annum and 1.30% per annum (for Eurodollar Rate loans) and between 0.00% per annum and 0.30% per annum (for Base Rate loans), depending on the public debt rating announced by S&P, Moody's and/or Fitch.



The Revolving Credit Facility terminates on 21 May 2020, subject to an extension option exercisable by 21CFA for up to two additional one year periods, with respect to which each lender may consent or not consent in its sole discretion. A facility fee is payable in respect of each lender's commitment in an amount between 0.08% per annum and 0.20% per annum, depending on the public debt rating announced by S&P, Moody's and/or Fitch. The facility fee is payable quarterly in arrears on the last business day of each March, June, September and December. A letter of credit fee is payable on each lender's pro rata share of the average daily aggregate available amount under all outstanding (and not cash collateralised) letters of credit in an amount equal to the applicable margin for Eurodollar Rate loans. The letter of credit fee is payable quarterly in arrears on the last business day of each March, June, September and December.

The Revolving Credit Facility contains customary affirmative covenants, including, among others, covenants regarding compliance with applicable laws and regulations, and the provision of financial statements. The Revolving Credit Facility contains customary negative covenants limiting the ability of 21CFA and 21st Century Fox and/or, in certain cases, certain subsidiaries to, among other things, grant liens, incur indebtedness, change its business or effect a merger. The Revolving Credit Facility also includes a requirement that 21st Century Fox maintain certain leverage ratios. The covenants are subject to certain customary qualifications and carve-outs, including thresholds and baskets. The Revolving Credit Facility also contains customary events of default.

### 7.3 The Disney Merger Agreement

On 20 June 2018, 21st Century Fox, Disney, TWDC Holdco 613 Corp., a wholly-owned subsidiary of Disney (**New Disney**), WDC Merger Enterprises I, Inc., a wholly-owned subsidiary of New Disney (**Delta Sub**), and WDC Merger Enterprises II, Inc., a wholly-owned subsidiary of New Disney (**Wax Sub**), executed a combination merger agreement (the **Disney Merger Agreement**) which amended and restated in its entirety the agreement and plan of merger, dated as of 13 December 2017, among 21st Century Fox, Disney, TWC Merger Enterprises 2 Corp. and TWC Merger Enterprises 1, LLC, as amended by the amendment to agreement and plan of merger, dated as of 7 May 2018 (the **Original Disney Merger Agreement**). Under the Disney Merger Agreement, Disney has agreed to acquire for a price of \$38.00 per 21st Century Fox share, subject to certain adjustments described below, the same businesses Disney agreed to acquire under the Original Disney Merger Agreement between 21st Century Fox and Disney.

To effect the acquisition, Delta Sub will be merged with Disney, with Disney as the surviving corporation (the **Delta Surviving Company**, and such merger the **Delta Merger**) and the Delta Surviving Company will become a wholly-owned subsidiary of New Disney. Immediately after the effective time of the Delta Merger, Wax Sub will be merged with 21st Century Fox, with 21st Century Fox as the surviving corporation (the **Wax Surviving Company**, and such merger the **Wax Merger**, together with the Delta Merger, the **Mergers**), and the Wax Surviving Company will become a wholly-owned subsidiary of New Disney.

Prior to the completion of the Mergers, 21st Century Fox and a newly-formed subsidiary of 21st Century Fox (**New Fox**) will, among other things, engage in an internal restructuring whereby 21st Century Fox will transfer to New Fox a portfolio of 21st Century Fox's news, sports and broadcast businesses, including the Fox News Channel, Fox Business Network, Fox Broadcasting Company, Fox Sports, Fox Television Stations Group, and sports cable networks FS1, FS2, Fox Deportes and Big Ten Network and certain other assets, and New Fox will assume from 21st Century Fox certain liabilities associated with such businesses (the **Separation**). The Sky Shares held by 21st Century Fox will not be transferred to New Fox. 21st Century Fox will retain all assets and liabilities not transferred to New Fox, including the 20th Century Fox Film and Television studios and certain cable and international television businesses. Following the Separation and prior to the completion of the Mergers, 21st Century Fox will distribute all of the issued and outstanding common stock of New Fox to the holders of the outstanding shares of 21st Century Fox common stock (other than holders that are subsidiaries of 21st Century Fox) on a pro rata basis (the **Distribution**).

At the effective time of the Wax Merger, each issued and outstanding share of common stock of 21st Century Fox, except as otherwise set forth in the Disney Merger Agreement, will be exchanged for, at the election of the holder thereof and subject to automatic proration and adjustment, consideration (the **21st Century Fox Merger Consideration**), payable in either cash, (the **21st Century Fox Cash Consideration**), or New Disney common stock, par value US\$0.01 per share (the **21st Century Fox Stock Consideration**). 21st Century Fox stockholders may elect to receive their 21st Century Fox Merger Consideration, on a value equalised basis, in the form of cash or stock, subject to 50/50 proration. The collar on the stock consideration will ensure that 21st Century Fox shareholders will receive a number of Disney shares equal to \$38.00 in value if the average Disney stock price at closing is between \$93.53 and \$114.32.



The 21st Century Fox Merger Consideration may be subject to an adjustment based on the final estimate of certain tax liabilities arising from the Separation and Distribution and other transactions contemplated by the Disney Merger Agreement.

In the Disney Merger Agreement, 21st Century Fox has made certain representation, warranties and covenants, including, among other things, customary pre-closing covenants by 21st Century Fox to conduct its business in the ordinary course consistent with past practice and refraining from taking certain actions without Disney's consent. The consummation of the Disney Transaction is subject to various conditions, including among others, (i) customary conditions relating to the adoption of the Disney Merger Agreement by the requisite vote of 21st Century Fox's stockholders and the approval of the stock issuance by the requisite vote of Disney stockholders, (ii) the consummation of the Separation, (iii) the receipt of legal opinions with respect to the treatment of certain aspects of the transaction under U.S. and Australian tax laws, and (iv) the receipt of certain regulatory approvals and governmental consents.

The parties have agreed to use their respective reasonable best efforts to complete the Disney Transaction. Under the terms of the Disney Merger Agreement, Disney will pay 21st Century Fox US\$2.5 billion if the Disney Transaction is not consummated under certain circumstances relating to the failure to obtain approvals, or there is a final, non-appealable order preventing the transaction, in each case, relating to antitrust laws, communications laws or foreign regulatory laws. If the Disney Merger Agreement is terminated under certain other circumstances relating to changes in board recommendations and/or alternative transactions, 21st Century Fox or Disney may be required to pay the other party approximately US\$1.5 billion.

The Disney Merger Agreement also provides for certain mutual termination rights of Disney and 21st Century Fox, including the right of either party to terminate the Disney Merger Agreement if the Disney Transaction is not consummated by 13 December 2018, which may be extended under certain circumstances relating to governmental approvals and orders.

#### 7.4 The Consent and Reimbursement Agreement

On 11 July 2018 21st Century Fox entered into a letter agreement with Disney (the **Consent and Reimbursement Agreement**), pursuant to which Disney agreed to:

- (a) (i) permit 21st Century Fox to enter into the First Amendment to Bridge Facility Agreement and (ii) the incurrance of indebtedness by 21st Century Fox under the Bridge Facility Agreement of up to an aggregate principal amount of £15.325 billion for the purpose of financing the Acquisition; and
- (b) in certain circumstances described below, reimburse 21st Century Fox an amount (the **Reimbursement Fee**) equal to:
  - (i) (x) the number of Sky Shares that 21st Century Fox and its affiliates acquire in the Acquisition, multiplied by (y) the amount by which the Acquisition Consideration exceeds £13.00 per Sky Share and is less than or equal to £14.00 per Sky Share (the **Principal Amount**); plus
  - (ii) the interest and fees on the Principal Amount, which interest shall accrue at a rate per annum equal to the interest rate applicable to the debt incurred under the Bridge Facility Agreement from the date on which the Acquisition is completed until the date on which the Reimbursement Fee is paid to 21st Century Fox by Disney.

The Reimbursement Fee is payable by Disney to 21st Century Fox if the Disney Merger Agreement is terminated in certain circumstances relating to the failure to obtain required regulatory approvals where Disney is obliged under the Disney Merger Agreement to pay 21st Century Fox a fee equal to US\$2.5 billion, and at the time of such termination of the Disney Merger Agreement, 21st Century Fox has completed the Acquisition. The Reimbursement Fee would have been payable by Disney to 21st Century Fox in certain other circumstances which are no longer applicable following the required approvals with respect to the Disney Transaction by 21st Century Fox's and Disney's respective stockholders.

## 8. Offer related arrangements

### 8.1 Confidentiality Agreements

Sky and 21st Century Fox entered into the 2016 Confidentiality Agreement on 13 December 2016 pursuant to which each of Sky and 21st Century Fox has undertaken, among other things, to keep certain information provided in connection with the Acquisition confidential and not to disclose it to third parties (other than to

permitted persons) unless required by law or regulation. These confidentiality obligations will remain in force for a period of two years from the date of the 2016 Confidentiality Agreement with the exception of information concerning the existence and contents of the discussions between the parties about the Acquisition, which will remain in force for as long as such information remains confidential.

Sky, 21st Century Fox and Disney entered into the 2018 Confidentiality Agreement on 15 March 2018 pursuant to which each of Sky, 21st Century Fox and Disney have undertaken, among other things, to keep certain information provided in connection with the Disney Transaction confidential and not to disclose it to third parties (other than to permitted persons). In addition, each of 21st Century Fox and Disney has undertaken not to disclose such confidential information to one another in the event that Sky has provided confidential information to only one of Disney or 21st Century Fox (unless such disclosure is required by law or regulation). These confidentiality obligations will remain in force for a period of two years from the date of the 2018 Confidentiality Agreement.

## 8.2 Co-operation Agreement

Sky and 21st Century Fox entered into the Co-operation Agreement on 15 December 2016. Pursuant to the Co-operation Agreement, among other things, Sky and 21st Century Fox agreed to provide such information and assistance as the other party reasonably required for the purposes of obtaining all merger control and regulatory clearances and authorisations, making any submissions, filings or notifications to any merger control and regulatory authority.

The Co-operation Agreement was terminated by Sky on 25 April 2018 following the withdrawal by the Independent Committee of its recommendation of the Acquisition. As a result of the termination of the Co-operation Agreement, the reverse break fee payment that may otherwise have been payable by 21st Century Fox to Sky will no longer be payable in any circumstances.

Notwithstanding the termination of the Co-operation Agreement, certain provisions of the Co-operation Agreement survived such termination. In particular, 21st Century Fox and any persons acting in concert with 21st Century Fox continued to be prohibited from acquiring any Sky Shares without Sky's consent. In addition, following the termination by Sky of the Co-operation Agreement, the surviving provisions of the Co-operation Agreement provided that, in circumstances where 21st Century Fox elected to implement the Acquisition by way of an Offer:

- (i) the acceptance condition to such Offer must be no less than the percentage of Sky Shares to which the Offer relates which is equal to a majority of the Sky Shares held by Unaffiliated Sky Shareholders and shall not be capable of being reduced below that level;
- (ii) the Offer shall include conditions to the implementation of the Acquisition that, in the aggregate, are not more onerous to fulfil than the Conditions, subject to any modifications or amendments which may be required by the Panel or which are necessary as a result of the election of 21st Century Fox to implement the Acquisition by way of an Offer; and
- (iii) 21st Century Fox shall not take any action which would cause the Offer not to proceed, lapse or be withdrawn in each case for non-fulfilment of the acceptance condition prior to the 60th day after publication of an offer document and 21st Century Fox shall ensure that the Offer remains open until such time, save that such 60th day may be brought forward to no earlier than the 21st day after publication of an offer document if 21st Century Fox reasonably considers that this is necessary in order to implement the Offer within the remaining period of 21st Century Fox's available financing.

On 11 July 2018, 21st Century Fox and Sky agreed to amend the surviving provisions of the Co-operation Agreement (the **Amendment to the Co-operation Agreement**) as follows:

- (i) the provision of the Co-operation Agreement relating to the acceptance condition restriction (referred to in (i) above), was terminated; and
- (ii) the restriction on 21CF from taking certain actions prior to the 60th day after publication of an offer document (referred to in (iii) above) was amended so that 21st Century Fox may bring forward or extend such 60th day so that such date is the same date as the "Day 60" of any competing bidder for Sky in accordance with Rule 31.6 of the City Code and the Notes thereon.

The other surviving provisions of the Co-operation Agreement remain in place, including that 21st Century Fox (and any persons acting in concert with 21st Century Fox) continue to be prohibited from acquiring any Sky Shares without Sky's consent. 21st Century Fox and Sky also agreed in the Amendment to the

Co-operation Agreement that the provisions set out in Schedule 1 of the Co-operation Agreement concerning the Sky Share Plans shall survive the termination of the Co-operation Agreement whether the Acquisition is implemented by way of the Offer or as a Scheme.

## 9. Financing arrangements

21st Century Fox and 21CFA amended the Bridge Facility Agreement with, among others, Goldman Sachs, Deutsche Bank and J.P. Morgan on 11 July 2018 in order to finance the Acquisition Consideration payable to Sky Shareholders pursuant to the Offer. The Bridge Facility Agreement is summarised in paragraph 7.1 of this Section 6.

Deutsche Bank, lead Financial Adviser to 21st Century Fox, is satisfied that sufficient resources are available to 21st Century Fox satisfy the full cash consideration payable to Sky Shareholders under the terms of the Acquisition.

## 10. Fees and expenses of 21st Century Fox

10.1 The aggregate fees and expenses which are expected to be incurred by 21st Century Fox in connection with the Acquisition are estimated to amount to approximately £242.1 million (excluding applicable VAT and similar taxes). This aggregate number consists of the following categories (each excluding applicable VAT and similar taxes)<sup>(1)</sup>:

<u>Shareholder</u>	<u>Amount (£ millions)</u>
Financing arrangements <sup>(2)</sup> . . . . .	171.8
Financial and corporate broking advice <sup>(3)(4)</sup> . . . . .	38.4
Legal advice <sup>(5)(6)</sup> . . . . .	20.0
Accounting and tax advice <sup>(5)(6)</sup> . . . . .	2.6
Public relations advice <sup>(4)</sup> . . . . .	8.1
Other professional service <sup>(3)(4)(6)</sup> . . . . .	0.8
Other costs and expenses . . . . .	0.4

### Notes:

- (1) Fees and expenses that will be invoiced in U.S. dollars have for the purposes of this table, been converted into pounds sterling at an exchange rate of £1:US\$1.3023, which was derived from Bloomberg at 5.00 p.m. on 3 August 2018, being the latest practicable date prior to publication of this document.
- (2) Refer to paragraphs 7.1 and 7.2 of Section 6 for details of the Bridge Facility Agreement and the Revolving Credit Facility.
- (3) A proportion of such fees may be payable at the discretion of 21st Century Fox.
- (4) A proportion of such fees are payable depending on whether the Acquisition successfully completes.
- (5) These services are charged, in part, by reference to hourly or daily rates. Amounts included here reflect the time incurred up to 3 August 2018 and an estimate of further time required.
- (6) These services may vary depending on the service volumes and the types of services provided. Amounts included here reflect an estimate of the expected services provided.

10.2 In addition, stamp duty (or stamp duty reserve tax) of 0.5% on the Acquisition Consideration for the Sky Shares acquired under the Acquisition will be payable by 21st Century Fox.

## 11. Other information

11.1 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between 21st Century Fox or any party acting in concert with 21st Century Fox and any of the directors, recent directors, shareholders or recent shareholders of Sky, or any other person interested in or recently interested in Sky Shares, which has any connection with, or dependence on, or which is conditional upon the outcome of the Acquisition.

11.2 Save as disclosed in this document, there is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Sky Shares to be acquired by 21st Century Fox pursuant to the Offer will be transferred to any other person, save that 21st Century Fox reserves the right to direct that such Sky Shares to be transferred to it pursuant to acceptances of the Offer be transferred directly to any wholly-owned subsidiary of 21st Century Fox nominated by 21st Century Fox.

11.3 Save with the consent of the Panel, settlement of the consideration to which any Sky Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which 21st Century Fox may otherwise be, or claim to be, entitled as against such Sky Shareholder.

## **12. Consent**

12.1 Deutsche Bank, lead Financial Adviser to 21st Century Fox, has given and has not withdrawn its written consent to the publication of this document with the inclusion of the references to its name in the form and context in which they appear.

## **13. Calculations and sources of information**

13.1 Unless otherwise stated, financial information relating to 21st Century Fox has been extracted or derived (without material adjustment) from the annual report for 21st Century Fox for the year ended 30 June 2017 or 21st Century Fox's report for the nine-month period ending 31 March 2018.

13.2 Unless otherwise stated, financial information relating to Sky has been extracted or derived (without material adjustment) from Sky's preliminary statement of annual results in respect of the financial year ended 30 June 2018.

13.3 As at the close of business on 3 August 2018 (being the latest practicable date prior to the date of this document), Sky had in issue 1,719,017,230 ordinary shares, of which 905,700 are held in ESOP. 21st Century Fox and its Affiliates hold 672,783,139 ordinary shares in Sky giving a total number of outstanding shares excluding those owned by the 21st Century Fox Group of 1,046,234,091.

13.4 Any reference to the fully diluted share capital of Sky not owned by the 21st Century Fox Group is based on:

- (a) the 1,046,234,091 Sky Shares referred to in paragraph 13.3 above; and
- (b) 29,055,495 Sky Shares which may be issued on or after the date of this document on the exercise of options or vesting of awards under the Sky Share Plans as agreed in the Co-operation Agreement and net of the shares in the ESOP (including in respect of those LTIP and Co-Investment Plan options which will be granted by Sky in the ordinary course in late July 2018 and August 2018 respectively) and assuming for this purpose that the Effective Date of the Scheme is the Scheme Long Stop Date.

13.5 Any reference to the value of the fully diluted share capital of Sky, excluding the Sky Shares already owned by the 21st Century Fox Group, is based on the Acquisition Consideration of £14.00 per Sky Share and the number of Sky Shares not owned by the 21st Century Fox Group referred to in paragraph 13.3 above.

13.6 The closing middle market prices or quotations of Sky Shares are derived from the London Stock Exchange Daily Official List (SEDOL).

## **14. Documents available on websites**

Copies of the following documents shall be made available on 21st Century Fox's transaction microsite at [www.21cf-offer-for-sky.com](http://www.21cf-offer-for-sky.com) until the end of the Offer Period:

- (a) this document and the Form of Acceptance;
- (b) the Original Offer Announcement and the Increased Offer Announcement;
- (c) the constitutional documents of 21st Century Fox;
- (d) the articles of association of Sky;
- (e) the Consent and Reimbursement Agreement;
- (f) the Co-operation Agreement and the Amendment to the Co-operation Agreement;
- (g) the Confidentiality Agreements;
- (h) 21st Century Fox's financing arrangements in connection with the Acquisition as referred to in paragraph 9 of this Section 6;
- (i) the irrevocable undertakings referred to in paragraph 6 of this Section 6; and
- (j) the written consent referred to in paragraph 12 above.

Please note, however, that certain information on 21st Century Fox's transaction microsite may not be available to persons in Restricted Jurisdictions.

For the avoidance of doubt, the contents of the 21st Century Fox transaction microsite are not incorporated into, and do not form part of, this Offer Document, save for the information specifically incorporated by reference pursuant to Section 3 and Section 4 of this document.

## SECTION 7

### DEFINITIONS

The following definitions apply throughout this document (unless the context otherwise requires):

<b>2016 Confidentiality Agreement</b>	the confidentiality agreement entered into between Sky and 21st Century Fox, dated 13 December 2016
<b>2018 Confidentiality Agreement</b>	the confidentiality agreement entered into between Sky, 21st Century Fox and Disney, dated 15 March 2018
<b>21st Century Fox</b>	Twenty-First Century Fox, Inc., a company incorporated in Delaware with principal office at 1211 Avenue of the Americas, New York, NY 10036, United States
<b>21st Century Fox Group</b>	21st Century Fox and its subsidiaries and subsidiary undertakings from time to time
<b>21CFA</b>	21st Century Fox America, Inc., a company incorporated in Delaware with registered office at 1211 Avenue of the Americas, New York, NY 10036, United States
<b>Acceptance Condition</b>	the Condition as to acceptances set out in paragraph (a) of Part A of Section 2 of this document
<b>Acquisition</b>	the proposed acquisition of the entire issued and to be issued share capital of Sky by 21st Century Fox, other than those Sky Shares already owned by 21st Century Fox and its Affiliates
<b>Acquisition Consideration</b>	the cash amount of £14.00 per Sky Share payable by 21st Century Fox pursuant to the Acquisition, as adjusted in accordance with the terms of the Acquisition as set out in this document
<b>Affiliates</b>	in relation to a party, any person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the party, and for these purposes a party shall be deemed to control a person if such party possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the person, whether through the ownership of over 50 per cent. of the voting securities or the right to appoint over 50 per cent. of the relevant board of directors by contract or otherwise, but, in relation to 21st Century Fox, specifically excluding Sky and each other member of the Sky Group
<b>Amendment to the Co-operation Agreement</b>	the amendment agreement between Sky and 21st Century Fox in respect of the Co-operation Agreement, dated 11 July 2018, a summary of which is set out in paragraph 8.2 of Section 6 of this document
<b>associated undertaking</b>	has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 other than paragraph 19(1)(b) of Schedule 6 to those Regulations which shall be excluded for this purpose
<b>BNY Mellon</b>	the Bank of New York Mellon
<b>Bridge Facility Agreement</b>	the bridge facility agreement entered into on 15 December 2016 (as amended by the First Amendment to Bridge Facility Agreement entered into on 11 July 2018), a summary of which is set out in paragraph 7.1 of Section 6 of this document



<b>Business Day</b>	a day (other than a Saturday or Sunday or public or bank holiday in the UK) on which clearing banks are open for general business in London
<b>CAT</b>	the Competition Appeal Tribunal
<b>Centerview Partners</b>	Centerview Partners UK LLP
<b>certificated or in certificated form</b>	a Sky Share that is not in uncertificated form (that is, not in CREST)
<b>City Code</b>	the City Code on Takeovers and Mergers
<b>Closing Price</b>	the closing middle market quotation of a share derived from the Daily Official List
<b>Companies Act</b>	the Companies Act 2006, as amended
<b>Computershare</b>	Computershare Investor Services PLC, a public limited company incorporated in England and Wales with registered number 03498808
<b>Conditions</b>	the conditions to the Acquisition set out in Section 2 to this document, and <b>Condition</b> means any one of them
<b>Confidentiality Agreements</b>	the 2016 Confidentiality Agreement and the 2018 Confidentiality Agreement
<b>Consent and Reimbursement Agreement</b>	the letter agreement between Disney and 21st Century Fox entered into on 11 July 2018, a summary of which is set out in paragraph 7.4 of Section 6 of this document
<b>Co-operation Agreement</b>	the co-operation agreement between 21st Century Fox and Sky relating to, among other things, implementation of the Acquisition, dated 15 December 2016, a summary of which is set out in paragraph 8.2 of Section 6 of this document
<b>Court</b>	the High Court of Justice in England and Wales
<b>Court Meeting</b>	in the event of a switch to a Scheme, the meeting of Sky Shareholders who are subject to the Scheme, convened by an order of the Court under the Companies Act to consider and, if thought fit, approve the Scheme
<b>CREST</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)
<b>CREST Manual</b>	the manual published by Euroclear for further information on the CREST system, as amended from time to time
<b>CREST member</b>	a person who has been admitted by Euroclear as a system member (as defined in the Regulations)
<b>CREST participant</b>	a person who is, in relation to CREST, a system-participant (as defined in the Regulations)
<b>CREST sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a sponsored member
<b>Daily Official List</b>	the daily official list of the London Stock Exchange
<b>Dealing Disclosure</b>	an announcement pursuant to Rule 8 of the City Code containing details of dealings in interests in relevant securities of a party to an offer
<b>Deposit Agreement</b>	the deposit agreement between Sky, BNY Mellon and the registered holders and beneficial owners of Sky ADRs, dated 9 December 2002 (as amended and restated on 28 May 2010)
<b>Deutsche Bank</b>	Deutsche Bank AG, London Branch
<b>Disclosed</b>	the information which has been fairly disclosed (i) in the annual report and accounts for Sky for the year ended 30 June 2016 or Sky's quarterly trading update for the period ending 30 September 2016, (ii) in any public announcement by Sky prior to the date of the



	Original Offer Announcement by way of any Regulatory Information Service (including information the availability of which has been announced by way of any Regulatory Information Service), (iii) in the Original Offer Announcement, or (iv) in the Increased Offer Announcement
<b>Disney</b>	The Walt Disney Company
<b>Disney Merger Agreement</b>	the merger agreement entered into on 20 June 2018, a summary of which is set out in paragraph 7.3 of Section 6 of this document
<b>Disney Transaction</b>	the proposed merger between 21st Century Fox and Disney as further described in paragraph 6 of Section 1 of this document
<b>Effective Date</b>	the date on which the Offer becomes or is declared unconditional in all respects (or, if the Acquisition is implemented as a Scheme, the date on which the Scheme becomes effective in accordance with its terms)
<b>Electronic Acceptance</b>	the inputting and settling of a TTE Instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document
<b>Enlarged Group</b>	21st Century Fox and its subsidiaries and its subsidiary undertakings following completion of the Acquisition
<b>ESA Instruction</b>	an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as described in the CREST Manual)
<b>Escrow Agent</b>	Computershare, in its capacity as an escrow agent as described in the CREST Manual
<b>ESOP</b>	the Sky Employee Share Ownership Plan, a trust which was established to satisfy awards made to participants in the Sky Share Plans
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>FCA</b>	the UK Financial Conduct Authority or its successor from time to time
<b>FCA Handbook</b>	the FCA’s Handbook of rules and guidance as amended
<b>Financial Advisers</b>	Deutsche Bank, Centerview Partners and Goldman Sachs International
<b>First Amendment to Bridge Facility Agreement</b>	the amendment to the Bridge Facility Agreement entered into on 11 July 2018, a summary of which is set out in paragraph 7.1 of Section 6 of this document
<b>First Closing Date</b>	1.00 p.m. (London time) on 17 September 2018
<b>Fitch</b>	Fitch Ratings Inc.
<b>Form of Acceptance</b>	the form of acceptance and authority relating to the Offer accompanying this document for use by Sky Shareholders in connection with the Offer
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>hard copy or hard copy form</b>	a document, an announcement or any information will be sent in hard copy or hard copy form if it is sent in a paper copy or similar form capable of being read
<b>Increased Offer Announcement</b>	the announcement made on 11 July 2018 by 21st Century Fox of an increase in its offer for Sky to £14.00 in cash for each Sky Share
<b>Independent Committee</b>	the committee of independent directors of Sky established for the purposes of considering the Acquisition and comprising six independent non-executive directors, Martin Gilbert (Deputy Chairman), Andrew Sukawaty (Senior Independent Director), Tracy Clarke, Adine Grate, Matthieu Pigasse and Katrin Wehr-Seiter, and two executive directors, Jeremy Darroch and Andrew Griffith
<b>Internal Revenue Code</b>	the United States’ Internal Revenue Code of 1986, as amended
<b>Listing Rules</b>	the rules and regulations made by the FCA in its capacity as the UK Listing Authority under FSMA, and contained in the UK Listing Authority’s publication of the same name
<b>London Stock Exchange</b>	London Stock Exchange plc

<b>LTIPs</b>	the Sky 2008 Long-Term Incentive Plan and the Sky Management Long-Term Incentive Plan (under each of which both long term incentive and co-investment awards are made)
<b>Moody's</b>	Moody's Investors Service, Inc.
<b>Offer</b>	the cash offer made by 21st Century Fox at £14.00 for each Sky Share to acquire the entire issued and to be issued share capital of Sky (other than those Sky Shares already owned by 21st Century Fox and its Affiliates) on the terms and subject to the conditions set out in this document and, in the case of Sky Shares held in certificated form, the Form of Acceptance including, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<b>Offer Document</b>	this document and any subsequent document containing the Offer
<b>Offer Period</b>	the period commencing on (and including) 9 December 2016 and ending on (i) the earlier of the date on which the Offer has become or has been declared unconditional as to acceptances and/or the date on which the Offer lapses or is withdrawn (or such other date as the Panel may decide), other than where such lapsing or withdrawal is a result of 21st Century Fox exercising its right to implement the Acquisition by way of a Scheme, or (ii) the earlier of the date on which the Scheme becomes effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide)
<b>Official List</b>	the official list maintained by the UK Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000
<b>Opening Position Disclosure</b>	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position, as defined in Rule 8 of the City Code
<b>Original Offer Announcement</b>	the joint announcement made on 15 December 2016 by 21st Century Fox and the Independent Committee pursuant to Rule 2.7 of the City Code
<b>Overseas Shareholders</b>	Sky Shareholders resident in, ordinarily resident in, or citizens or nationals of, jurisdictions outside the United Kingdom
<b>Panel or Takeover Panel</b>	the Panel on Takeovers and Mergers
<b>Receiving Agent</b>	Computershare, in its capacity as receiving agent for the purpose of the Offer
<b>Regulations</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001/3755)
<b>Regulatory Information Service</b>	a regulatory information service as defined in the FCA Handbook
<b>Relevant Authority</b>	any central bank, ministry, governmental, quasigovernmental, supranational (including the European Union), statutory, regulatory or investigative body, authority or tribunal (including any national or supranational antitrust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body in any jurisdiction
<b>Restricted Jurisdiction</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Sky Shareholders in that jurisdiction

<b>Revolving Credit Facility</b>	the amended and restated revolving credit facility agreement entered into on 21 May 2015 (as amended by the first amendment to the amended and restated credit agreement dated 22 December 2016), a summary of which is set out in paragraph 7.2 of Section 6 of this document
<b>Scheme</b>	if the Acquisition is to be implemented by way a scheme of arrangement under Part 26 of the Companies Act between Sky and the holders of the Sky Shares to which the Scheme would apply, the scheme of arrangement to be made, with or subject to any modification, addition or condition approved or imposed by the Court
<b>Scheme Document</b>	a document to be dispatched to Sky Shareholders, including the particulars required by section 897 of the Companies Act, to effect the Acquisition by way of the Scheme
<b>SEC</b>	the U.S. Securities and Exchange Commission
<b>Secretary of State</b>	has the meaning given to it in the Enterprise Act 2002
<b>significant interest</b>	a direct or indirect interest in ten per cent. or more of the equity share capital (as defined in the Companies Act)
<b>Sky</b>	Sky plc, registered in England and Wales with number 02247735
<b>Sky ADR</b>	an American Depositary Receipt created pursuant to the Deposit Agreement and trading on the over-the-counter market in the U.S.
<b>Sky Board</b>	the directors of Sky at the date of this document, collectively
<b>Sky General Meeting</b>	in the event of a switch to a Scheme, the general meeting of Sky Shareholders (and any adjournment thereof) at which shareholder resolutions necessary to implement the Acquisition will be considered and, if thought fit, approved
<b>Sky Group</b>	Sky and its subsidiaries and subsidiary undertakings from time to time (unless otherwise stated)
<b>Sky Independent Directors</b>	Martin Gilbert, Andrew Sukawaty, Tracy Clarke, Adine Grate, Matthieu Pigasse, Katrin Wehr-Seiter, Jeremy Darroch and Andrew Griffith
<b>Sky Share Plans</b>	the LTIPs (under which both long term incentive and co-investment awards are made) and the Sky Sharesave Schemes
<b>Sky Shareholders</b>	holders of Sky Shares from time to time
<b>Sky Shares</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of 50 pence each in the capital of the Sky and any further such ordinary shares which are unconditionally allotted or issued and fully paid while the Offer remains open for acceptance or before such earlier time and date as 21st Century Fox (subject to the City Code) may determine, not, unless the Panel so permits, being earlier than the time and date on which the Offer becomes or is declared unconditional as to acceptances or, if later, the First Closing Date (but excluding any such ordinary shares held or which become held in treasury), and <b>Sky Share</b> means any one of them
<b>Sky Sharesave Schemes</b>	the Sky Sharesave Scheme and the Sky 2013 Sharesave Scheme, the Sky 2005 Irish Sharesave Scheme and the Sky 2016 Irish Sharesave Scheme and the Sky 2015 International Sharesave Scheme
<b>S&amp;P</b>	Standard & Poor's Financial Services LLC
<b>TFE Instruction</b>	a transfer from escrow instruction as defined by the CREST Manual in relation to Sky Shares in certificated form
<b>TTE Instruction</b>	a transfer to escrow instruction as defined by the CREST Manual in relation to Sky Shares in certificated form

<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK Listing Authority or UKLA</b>	the FCA when exercising its powers under Part VI of the Financial Services and Markets Act 2000
<b>Unaffiliated Sky Shareholders</b>	the Sky Shareholders excluding 21st Century Fox and its Affiliates
<b>uncertificated or in uncertificated form</b>	in relation to a share or other security, a share or other security which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
<b>United States or U.S.</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
<b>U.S. Exchange Act</b>	the U.S. Securities Exchange Act 1934, as amended and the rules and regulations promulgated thereunder
<b>Wider 21st Century Fox Group</b>	21st Century Fox and its subsidiary undertakings, associated undertakings and any other undertaking in which 21st Century Fox and/or such undertakings (aggregating their interests) have a significant interest but excluding, for the avoidance of doubt, the Wider Sky Group
<b>Wider Sky Group</b>	Sky and its subsidiary undertakings, associated undertakings and any other undertaking in which Sky and/or such undertakings (aggregating their interests) have a significant interest but excluding, for the avoidance of doubt, the Wider 21st Century Fox Group
<b>£ or pounds sterling</b>	pounds sterling, the lawful currency for the time being of the UK and references to “pence” and “p” shall be construed accordingly
<b>US\$ or U.S. dollars</b>	U.S. dollars, the lawful currency for the time being of the United States
<b>€ or EUR or euro</b>	euro, the currency introduced at the start of the third stage of economic union pursuant to the treaty establishing the European Union

All times referred to in this document are London times unless stated.

References to the singular include the plural and vice versa and references to one gender include all genders.

All references to statutory provisions or law or to any order or regulation shall be construed as a reference to that statutory provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

All references to “subsidiary”, “subsidiary undertaking” and “undertaking” have the respective meanings given to them in the Companies Act.

Terms defined in the CREST Manual shall bear the same meanings where used in this document.

All references to “relevant securities” shall bear the same meanings where used in this document.



