

## **OFFER BY 21ST CENTURY FOX, INC. FOR THE REMAINING SHARES IN SKY PLC**

UNDERTAKINGS GIVEN BY 21ST CENTURY FOX, INC. PURSUANT TO PARAGRAPH 9 OF SCHEDULE 2 OF ENTERPRISE ACT (PROTECTION OF LEGITIMATE INTERESTS) ORDER 2003

### **WHEREAS:**

- (a) 21CF proposes to acquire the entire issued and to be issued share capital of Sky that 21CF does not already own.
- (b) On 16 March 2017 the then Secretary of State issued a European Intervention Notice under section 67(2) of the Act and the Order in connection with the Transaction.
- (c) On 20 September 2017 the then Secretary of State, in exercise of her powers under Article 5(3) of the Order in connection with the Transaction, made a reference to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group might investigate and report on the questions referred to in Articles 6(2), (3) and (4) of the Order within the period set down in Article 9 of the Order (the **Reference**).
- (d) On 1 May 2018 the Secretary of State received a report of the CMA under Article 8 of the Order.
- (e) On 5 June 2018 the Secretary of State published his decision in connection with the Transaction under Article 12(2) of the Order (the **Decision**). In the Decision, the Secretary of State decided that the conditions set out in Article 12 (6)(a) – (c) are met.
- (f) Under Article 12(7) of the Order, the Secretary of State has a discretion to take such action under paragraph 9 or 11 of Schedule 2 to the Order as he considers reasonable and practicable to remedy, mitigate or prevent any of the effects adverse to the public interest which he has decided may be expected to result from the creation of the European relevant merger situation.
- (g) Under paragraph 9 of Schedule 2 to the Order, the Secretary of State may accept undertakings as he considers appropriate to remedy, mitigate or prevent such effects.
- (h) The Secretary of State considers that the undertakings given below by 21CF, when considered in conjunction with undertakings that have been offered by Disney, are appropriate to remedy, mitigate or prevent the effects adverse to the public interest which the Secretary of State has decided may be expected to result from the creation of the European relevant merger situation.

**NOW THEREFORE** 21CF hereby gives to the Secretary of State the following undertakings for the purpose of remedying, mitigating or preventing the effects adverse to the public interest which may be expected to result from the Transaction.

### **1. EFFECTIVE DATE OF THE UNDERTAKINGS**

- 1.1 These undertakings shall take effect (subject to the variation and termination provisions in section 14) from the date that, having been signed by 21CF, they are accepted by the Secretary of State.

### **2. CREATION OF NEWCO**

- 2.1 21CF shall incorporate Newco as a private limited company, which will be a wholly owned subsidiary of Sky, at the Closing Date or as soon as reasonably practicable following the Closing Date, subject to any extension of time agreed with the consent of the Secretary of State.
- 2.2 21CF shall take (or procure the taking of) the following steps to achieve the formation of Newco:

- (i) the formation of Newco as a new private limited company incorporated under the laws of England and Wales as a Subsidiary of Sky; and
- (ii) the establishment of the corporate governance arrangements set out in section 3 below.

2.3 On or as soon as reasonably practicable following the formation of Newco, 21CF shall take (or procure the taking of) the following steps to achieve the transfer of the business of Sky News to Newco:

- (i) the transfer of the business of Sky News (as set out in section 6 below) into Newco in exchange for shares in Newco; and
- (ii) the entering into of the agreements between Sky and Newco set out in sections 6.4 and 8 below.

### **3. CORPORATE GOVERNANCE OF NEWCO**

3.1 21CF shall ensure that the corporate governance structure of Newco shall be established and maintained prior to the Divestiture Date as follows:

- (i) the articles of association of Newco shall provide that the object of Newco is to maintain a Sky-branded news service received primarily in the UK which will abide by the principle of editorial independence and integrity in news reporting and will comply with the Ofcom Broadcasting Code. The articles of association of Newco shall be in a form to be approved by the Secretary of State;
- (ii) the articles of association of Newco shall provide that the Newco Board shall:
  - (A) comprise solely members who are Independent Directors and consist of a minimum of 5 Independent Directors and a maximum of 7 Independent Directors, with such members:
    - I. initially comprising 3 existing Sky independent directors and 2 members nominated by the Sky independent directors. Each such appointment shall meet the definition of Independent Director contained in these undertakings; and
    - II. on the resignation or removal of an Independent Director, the remaining Independent Directors in office at such date shall nominate and appoint a new Independent Director to maintain at least the minimum number of Independent Directors of Newco, if required;
  - (B) be chaired by an Independent Director with senior editorial and/or journalistic experience;
  - (C) be quorate in respect of the consideration of editorial or journalistic matters only if an Independent Director with senior editorial and/or journalistic expertise is present; and
- (iii) the articles of association of Newco shall provide that the Newco Board and its committees shall have the appropriate balance of skills, experience, independence and knowledge of Newco to enable them to discharge their respective duties and

responsibilities effectively and that at least one Independent Director must have senior editorial and/or journalistic experience.

3.2 21CF shall not cause, or attempt to cause, Newco to act in breach of its articles of association.

**4. COMMITMENT TO ENHANCE AND MAINTAIN SKY NEWS EDITORIAL GUIDELINES AND OTHER POLICIES**

4.1 21CF shall ensure that the articles of association of Newco shall provide that Newco shall continue to maintain and observe the editorial guidelines that are in place in relation to Sky News as at the Effective Date, as initially approved by the Secretary of State and as modified according to section 4.3 below (the **Sky News Editorial Guidelines**).

4.2 21CF shall ensure that the Sky News Editorial Guidelines specify that:

- (i) the Head of Sky News retains complete operational (including setting commercial strategy and operating within the Newco Financial Envelope) and editorial control over all news and current affairs output, including, but not limited to, the selection, prominence and running of news stories and any political comment and opinion broadcast on the Sky News services, the programming mix of shows or TV formats broadcast on those services, the target demographics of the services and the presentation of the services, as well as to bring about changes to the editorial output of Sky News;
- (ii) subject to general compliance procedures and oversight, instructions to Sky News editorial staff including journalists shall be given only by the Head of Sky News or those to whom the Head of Sky News has delegated authority;
- (iii) in the event that any member of Sky News' staff becomes aware of an attempt by any employee, officer or director of 21CF or Sky outside the Sky News editorial function to influence matters within the authority of the Head of Sky News under section 4.2(i), he or she shall report such matters to the Head of Sky News and/or Ofcom; and
- (iv) any member of Sky News' staff who makes a report under section 4(iii) shall on request be entitled to be compensated by Sky News for any costs reasonably incurred in making the report. Requests for and payment of compensation (by Sky News) may be made via Ofcom (e.g. where the staff member wishes to remain anonymous).

4.3 21CF shall ensure that the articles of association of Newco shall provide that Newco may not make any subsequent amendments to the Sky News Editorial Guidelines without the prior approval of Ofcom.

4.4 With effect from the Closing Date, 21CF will ensure that the internal disciplinary policies of 21CF and Sky require that:

- (i) any attempt by an employee, officer or director of 21CF or Sky outside the Sky News editorial function to influence matters within the authority of the Head of Sky News under section 4.2(i) will be treated as a serious disciplinary matter that may render the individual liable to summary dismissal; and
- (ii) any reprisal by an employee, officer or director of 21CF or Sky against a member of Sky News staff for making a good faith report under section 4.2(iii) above is

prohibited and will be treated as a serious disciplinary matter that may render the individual liable to summary dismissal.

4.5 21CF shall provide the Secretary of State with evidence that its internal disciplinary policies satisfy the above requirement (e.g. by providing copies of relevant documentation).

## 5. COMMITMENT TO MAINTAIN FINANCIAL ENVELOPE

5.1 21CF shall ensure that it is a term of the Divestiture Agreement that Disney undertakes to 21CF to:

- (a) maintain the operating investment in Newco at a level not materially different (taking into account Cost Inflation) from £ [REDACTED] (the **Newco Disney Financial Envelope**), for 5 years from the Divestiture Date (the **Initial Period**); and
- (b) in the ten-year period thereafter, conditional upon receipt by Newco of the Newco 21CF Financial Envelope, to maintain the Newco Disney Financial Envelope at a level not materially different to the preceding period (taking into account Cost Inflation and market conditions), save that this level shall not be lower than (i) the operating investment made in respect of the fifth year plus (ii) an adjustment to reflect Cost Inflation in the period between the fifth year and the year in respect of which operating investment is being made.

5.2 21CF shall (and shall ensure that it is a term of the Divestiture Agreement that 21CF shall) pay to Newco an amount up to £ [REDACTED] for the first financial year (adjusted on a *pro rata* basis according to the number of days that have elapsed between the date of that payment and the Divestiture Date), increased by Cost Inflation for each following full financial year, for 15 years from the Divestiture Date (the **Newco 21CF Financial Envelope**), each such amount to be paid as a single lump sum each year.

5.3 For the avoidance of doubt, 21CF's obligations under section 5.2 shall remain in force irrespective of any change in control of Newco (subject to 21CF's power to apply for variation under section 14).

## 6. SKY NEWS BUSINESS TO BE HELD WITHIN NEWCO

6.1 21CF shall cause the Sky News business to be transferred, as a going concern and on a cash-free, debt-free basis, to Newco (the **Sky News Business Transfer**); provided, however, that Newco will assume only ordinary course operational liabilities (commonly referred to as "on-balance sheet liabilities") and, for the avoidance of doubt, Newco will not assume (i) any liabilities arising out of or relating to violations of applicable laws, rules or regulations, (ii) any environmental liabilities or (iii) any liabilities arising out of or relating to any alleged wrongdoing by the Sky News business or any of its representatives. This will require the transferring or making available of those assets required to conduct the Sky News business, which will be set out in a Schedule of Assets which will be provided to the Secretary of State prior to the Effective Date and which will include:

- (i) all or substantially all tangible assets currently used exclusively for the purposes of carrying on Sky News' business (including, for example, broadcasting and newsgathering facilities and equipment). Arrangements will also be made for Newco to have the use of assets required or currently used to conduct the Sky News business but which are not used exclusively in the Sky News business on a royalty-free basis if so requested by Newco;
- (ii) all or substantially all intangible assets currently used exclusively for the purposes of carrying on Sky News' business (including, for example, Sky News produced content, including video and audio and archive footage and related consumer-facing software and applications, including the Sky News website and social media

accounts). Arrangements will also be made for Newco to have the use of other intangible assets required or currently used to conduct the Sky News business but which are not used exclusively in the Sky News business on a royalty-free basis if so requested by Newco;

- (iii) all Key Sky News Editorial Staff and all or substantially all staff currently engaged principally in the Sky News business, including all talent (e.g. leading presenters), news gathering staff (UK and international staff), production, online and multimedia staff;
- (iv) all relevant customer, credit and other records; and
- (v) all or substantially all licences, permits, consents and authorisations issued by any governmental or regulatory organisation for the benefit or purpose of the Sky News business, including broadcast licences (and, to the extent that such licences, permits, consents or authorisations are not capable of transfer, 21CF will endeavour to assist Newco in applying for new licences, permits, consents or authorisations).

6.2 21CF shall (subject to customary limitations such as the ability of 21CF to hire staff who respond to a public advertisement or job-listing) not solicit staff transferred to Newco for a period beginning on the Closing Date and ending 24 months after the date of the incorporation of Newco as a private limited company.

6.3 Without prejudice to the generality of section 6.1 above, 21CF shall procure that there will be transferred to Newco or that Newco will otherwise have the benefit of:

- (i) general commercial contracts for the sale and distribution of Sky News content to third parties, including (i) video content on third party TV, online and mobile services and (ii) audio content on third party radio services;
- (ii) content supply contracts for the provision of news content by third parties to Sky News, including contracts for the provision of still images, text, graphics and video;
- (iii) UK/Ireland distribution agreements, being the carriage agreements between Sky and third parties for the supply of the Sky News channel on third party platforms; and
- (iv) international distribution agreements, being the carriage agreements between Sky and non-UK/Ireland third parties for the supply of the international feed of the Sky News channel for distribution on international third-party platforms.

6.4 21CF shall ensure that Sky will enter into a **Brand Licensing Agreement** with Newco, under which Newco will receive a perpetual licence of the Sky News brand in a form to be approved by the Secretary of State.

6.5 Any Brand Licensing Agreement approved by the Secretary of State for the purpose of the obligation in section 6.4 above shall:

- (i) permit Newco to use the Sky News brand in connection with its news output;
- (ii) not provide Sky or 21CF with any ability to determine or influence the editorial content of Sky News output or the appointment or termination of editors or other staff of Newco; and

- (iii) be terminable by Sky (A) in the event of a material breach that has not been cured, (B) in the event that Newco ceases to provide output which is branded “Sky News” and/or (C) in the event that Newco ceases to broadcast Sky News in the UK, in each case subject to the Secretary of State’s prior written consent, not to be unreasonably withheld.

## 7. NEWCO TO BE TRANSFERRED TO DISNEY

7.1 Prior to the date of these undertakings, 21CF will enter into a binding share purchase agreement (the **Divestiture Agreement**) with Disney for the sale of Newco by 21CF to Disney. The Divestiture Agreement shall in a form to be approved by the Secretary of State and in accordance with this Section 7:

- (a) 21CF shall procure that Sky sells, and Disney shall buy, the entire issued share capital of Newco (the date of the transfer of Newco to Disney being the **Divestiture Date**), such sale and purchase to be conditional upon (i) the Sky News Business Transfer having occurred, (ii) the Closing Date having occurred, and (iii) the specific approvals listed in clauses 3.1(c) and (d) of the Divestiture Agreement having been obtained;
- (b) the Divestiture Agreement shall include the undertakings of Disney and 21CF set out in section 5 above; and
- (c) Disney shall undertake to 21CF that Disney shall, for a period of 15 years from the Divestiture Date:
  - (i) maintain the corporate governance structure of Newco described in the first sentence of section 3.1(i) above;
  - (ii) ensure that the articles of association of Newco provide that Newco may not make any subsequent amendments to the Sky News Editorial Guidelines without the prior approval of Ofcom; and
  - (iii) not cause, or attempt to cause, Newco to act in breach of its articles of association.

7.2 21CF shall use all reasonable endeavours to procure the satisfaction of the conditions in section 7.1(a) as swiftly as possible.

## 8. OPERATIONAL AGREEMENTS BETWEEN SKY AND NEWCO

8.1 21CF shall ensure that Sky will, on or before the Sky News Business Transfer, enter into the agreements listed below with Newco under which Sky will provide facilities and support services to Newco, on arm’s-length terms (and which will be included in the incremental costs expected to be incurred in operating the Sky News business as a separate corporate entity, as reflected in the Newco 21CF Financial Envelope):

- (i) an advertising sales agreement between Newco and Sky under which Sky will sell advertising and sponsorship on behalf of Newco for a term of 15 years subject to an annual minimum guarantee of £ [REDACTED], increased by CPI for each following year for the remainder of the term;
- (ii) a lease of land and buildings under which Sky will agree to lease the Sky News land and buildings (or relevant parts thereof) to Newco for a period of 15 years (with a 5-year renewal right). In the event that existing contractual restrictions preclude the

granting of such a lease, Sky will ensure equivalent access for Sky News to the relevant land and buildings for the same period;

- (iii) a site support services agreement under which Sky will agree to provide certain support services to Newco while Newco leases premises from Sky including IT support services for a term comparable with the term of the lease;
- (iv) one or more agreements in relation to broadcast and technical services under which Sky will offer to Newco:
  - (A) an **EPG Services Agreement** (subject to EPG regulation including Ofcom's Code of Practice on EPGs, and Sky's published "Method for allocating listings in Sky's EPG");
  - (B) satellite capacity;
  - (C) playout;
  - (D) uplink;
  - (E) DTT transmission;
  - (F) online transmission; and
  - (G) mobile distribution,

in each case for a term of up to 15 years (or such shorter time as required by Newco); and

- (v) broadcast operations (including studio operations staff such as camera operators and sound technicians; edit suite services and staff; in-studio graphics specialists; and video library staff) and creative services (on- and off- screen design services) agreements.

8.2 Each of the agreements set out at 8.1(i) to 8.1(v) above will be terminable by Newco on the provision of reasonable notice to Sky and, where appropriate, break fees to cover Sky's unavoidable costs of early exit. The required period of notice (and, where applicable, break fees) will be set out in each agreement.

8.3 21CF shall ensure that the agreements listed in sections 8.1(iii), 8.1(iv) and 8.1(v) above will provide that charges to Newco are set for the first year at a combined price reflected in the Newco 21CF Financial Envelope). Thereafter the total charge to Newco for such agreements will be based upon the initial combined price increased by CPI for each following year for the remainder of the agreement.

8.4 21CF shall grant Newco reasonable audit rights in relation to such actual usage levels, savings or cost increases in each case to the extent that Newco reasonably requires such an audit, in the event that Sky fails to provide any relevant information within a reasonable period of time following a written request for such information from Newco, such right not to be exercised more frequently than once per year. Any audit shall be conducted by an independent third-party auditor approved by both 21CF and Newco. In the event that any audit identifies any discrepancy, appropriate adjustments to charges will be made.

8.5 In the event any additional services have historically been provided to the Sky News business by Sky, 21CF will ensure that Sky will, on or before the Sky News Business Transfer, enter into any

additional services agreement as are necessary in order for Newco to continue to operate the Sky News business and associated costs shall increase the Newco 21CF Financial Envelope.

## **9. APPOINTMENT OF MONITORING TRUSTEE**

- 9.1 Within 3 Working Days of the Effective Date, 21CF shall nominate a Monitoring Trustee to be approved by the Secretary of State in writing on such terms to be approved by the Secretary of State in advance in writing and remunerated by 21CF. The Monitoring Trustee so approved shall be appointed by 21CF within 3 Working Days.
- 9.2 The Monitoring Trustee shall possess appropriate qualifications and experience to carry out the Monitoring Trustee's Functions.
- 9.3 The Monitoring Trustee shall be independent of 21CF, News Corp, Disney, Newco, the Murdoch Family, the Murdoch Family Trust, any of their respective Affiliates and any member of the same Group of Interconnected Bodies Corporate and shall have no conflict of interest in relation to the performance of the Monitoring Trustee's Functions.
- 9.4 If the person nominated by 21CF pursuant to section 9.1 above is not approved by the Secretary of State, 21CF shall nominate an alternative person within 3 Working Days to be approved in accordance with the procedure set out in 9.1 above.
- 9.5 In the event that:
- (i) 21CF fails to nominate any person or persons in accordance with the provisions of section 9.1 above or 9.4 above; or
  - (ii) none of the persons nominated by 21CF pursuant to section 9.1 above or 9.4 above is approved by the Secretary of State; or
  - (iii) 21CF is unable for any reason to conclude within the time limit stipulated in section 9.1 above the appointment of any such person following approval by the Secretary of State,

21CF shall appoint from such person or persons nominated by the Secretary of State one person to act as Monitoring Trustee in accordance with such a mandate as is approved in advance in writing by the Secretary of State. 21CF shall use its best endeavours to make such appointment within 7 Working Days of receiving the nominations from the Secretary of State and in any event within 15 Working Days.

- 9.6 21CF shall secure that a Monitoring Trustee is appointed in accordance with sections 9.1 to 9.5 above prior to the Closing Date.
- 9.7 If the Monitoring Trustee fails to perform its functions to the reasonable satisfaction of the Secretary of State, the Secretary of State may by written notice to 21CF direct the termination of its appointment and require 21CF to appoint a new Monitoring Trustee in accordance with section 9.8.
- 9.8 In the event that the appointment of a Monitoring Trustee terminates for any reason before the undertakings have been fulfilled to the satisfaction of the Secretary of State (including where the Monitoring Trustee has ceased to perform or to be able to perform its functions, or for any other good cause including a conflict of interest or illness), 21CF shall, upon the direction of the Secretary of State, propose a replacement within 7 Working Days to be appointed in accordance with sections 9.1 to 9.4 above. If no replacement Monitoring Trustee has been appointed within 30 Working Days of the termination of the appointment of the original Monitoring Trustee, 21CF shall appoint a

replacement Monitoring Trustee in accordance with section 9.5 above. Where required by the Secretary of State, the outgoing Monitoring Trustee shall continue as Monitoring Trustee until a new Monitoring Trustee is in place and a full handover of all relevant information has taken place.

9.9 Subject to section 9.7, the Monitoring Trustee shall remain in place until the transfer of Newco to Disney or an alternative purchaser approved under section 20.

9.10 21CF shall not vary the terms upon which a Monitoring Trustee is appointed save with the consent of the Secretary of State.

## **10. FUNCTIONS OF MONITORING TRUSTEE**

10.1 The Monitoring Trustee shall act on behalf of the Secretary of State and shall be under an obligation to the Secretary of State to carry out its functions to the best of its abilities.

10.2 The Monitoring Trustee shall monitor 21CF's compliance with all and any part of these undertakings (including its obligations to secure a divestiture under section 19), save that the Monitoring Trustee shall not monitor 21CF's compliance with matters that are monitored by any Divestiture Trustee pursuant to section 23.4.

10.3 The Monitoring Trustee shall, as soon as reasonably practicable, comply at all times with any reasonable instructions or written directions made by the Secretary of State and such person nominated by the Secretary of State for the purposes of carrying out or securing compliance with the undertakings (or any matter incidental thereto) and shall provide to the Secretary of State such information and reports in relation to the carrying out of the Monitoring Trustee Functions as the Secretary of State may reasonably require.

10.4 The Monitoring Trustee shall promptly report in writing to the Secretary of State and to the CMA if the Monitoring Trustee concludes on reasonable grounds that the undertakings have been breached, or if it considers that it is not in a position to effectively carry out its functions. In that situation, the Monitoring Trustee should set out the reasons for its view and attach any relevant supporting evidence available to it (unless doing so would infringe its obligations referred to in section 13.2 below). If the Monitoring Trustee sends a report to the Secretary of State or to the CMA under this section 10.4, the Monitoring Trustee may, at the same time, inform 21CF of such a report being sent.

10.5 The Monitoring Trustee shall ensure that:

- (i) no arrangements are put in place or completed that affect the ability of 21CF to comply with its obligations under these undertakings; and
- (ii) 21CF takes no action or makes no omission that might adversely affect 21CF's compliance with its obligations under these undertakings.

10.6 The Monitoring Trustee shall:

- (i) facilitate the provision of information by 21CF to the Secretary of State in accordance with section 12 of these undertakings; and
- (ii) have access to all relevant information and documents which it shall pass to the Secretary of State if so requested (unless doing so would infringe its obligations referred to in section 13.2 below).

10.7 Without prejudice to the generality of section 10.2, the Monitoring Trustee shall, in particular:

- (i) review the scope, and oversee the implementation of the Sky News Business Transfer to ensure that all of the relevant assets, staff and licences of Sky News are transferred to NewCo so that it is able to operate independently of 21CF and Sky, post divestiture;
- (ii) review the terms of the agreements contemplated by section 8.1 such that it would be possible for a suitable purchaser to operate Sky News independently of 21CF and Sky, post divestiture;
- (iii) ensure that 21CF, Sky and Disney (as the suitable upfront buyer of Sky News) are taking adequate steps to complete the divestiture within the agreed timescales and report any risks of delay to the Secretary of State; and
- (iv) ensure that 21CF and Sky have taken steps to maintain and support the on-going operations of Sky News, including providing the financial and operational incentives to keep key personnel.

10.8 In furtherance of the Monitoring Trustee's functions outlined above, the Monitoring Trustee shall take such steps as it reasonably considers necessary including giving such directions to the officers or staff of 21CF, including any person holding such position on a temporary basis, as are reasonably necessary for the fulfilment of the Monitoring Trustee's functions.

10.9 In order to provide advice to the Secretary of State in relation to his review of the operational agreements as set out in section 10.2 above, the Monitoring Trustee shall be permitted to call on the advice of any third party that the Monitoring Trustee reasonably considers to be expert in this area and independent of 21CF and Newco. 21CF will bear all reasonable costs incurred by the Monitoring Trustee under this section 10.9.

## **11. REMUNERATION OF MONITORING TRUSTEE**

11.1 21CF shall pay the Monitoring Trustee a reasonable remuneration for the services it provides in carrying out the Monitoring Trustee Functions, and shall pay the Monitoring Trustee in a way that does not impede the independent and effective fulfilment of the Monitoring Trustee Functions.

## **12. OBLIGATIONS OF 21CF FOLLOWING APPOINTMENT OF MONITORING TRUSTEE**

12.1 21CF shall not give any instruction or make any request to the Monitoring Trustee which conflicts with the Monitoring Trustee Functions.

12.2 21CF shall take all such steps as are reasonably necessary to enable the Monitoring Trustee to carry out the Monitoring Trustee Functions and shall cooperate fully with the Monitoring Trustee, including but not limited to:

- (i) complying promptly and securing that its officers and staff comply promptly with such written directions as the Monitoring Trustee may from time to time give pursuant to section 10.8 above; and
- (ii) providing the Monitoring Trustee with all such assistance and information, as it may reasonably require in carrying out the Monitoring Trustee Functions including the provision of full and complete access to all personnel, books, records, documents and facilities of 21CF, Sky and Newco as the Monitoring Trustee may reasonably require access to.

- 12.3 If 21CF has any reason to suspect that these undertakings might have been breached, it should notify the Monitoring Trustee and the Secretary of State immediately.

### **13. REPORTING OBLIGATIONS OF THE MONITORING TRUSTEE**

- 13.1 Starting three weeks after Closing Date the Monitoring Trustee shall provide every three weeks to the Secretary of State and the CMA a report certifying whether or not, in his view, 21CF has complied with these undertakings in the preceding three weeks.
- 13.2 When providing its reports to the Secretary of State and the CMA the Monitoring Trustee must ensure that it does not disclose any information or documents to the Secretary of State or the CMA which 21CF would be entitled to withhold from the Secretary of State or the CMA (as applicable) on the grounds of legal privilege.
- 13.3 All communications between the Monitoring Trustee and the Secretary of State and the CMA shall be confidential and should not be disclosed to 21CF, save with the express written permission of the Secretary of State and/or the CMA. For the avoidance of doubt, nothing in this section 13.3 shall restrict the Monitoring Trustee from informing 21CF of any report sent to the Secretary of State or to the CMA under section 10.4 above. In relation to the possibility of disclosure of such communications to third parties, the Secretary of State shall act in accordance with the provisions of Part 9 of the Act. The Monitoring Trustee shall not disclose such communications to third parties.

### **14. VARIATION AND TERMINATION**

- 14.1 These undertakings shall remain in force until such time as they are varied, released or superseded under the Order.
- 14.2 In the event of a material change of circumstances, the Secretary of State may, in response to a written request from 21CF, vary or release one or more of these undertakings.
- 14.3 The Secretary of State may issue directions extending the Long Stop Date specified in the Divestiture Agreement following receipt of a request in writing from 21CF or at his own discretion. Directions extending the Long Stop Date shall specify the duration of the extension.
- 14.4 The variation, release or supersession of these undertakings shall not affect the validity and enforceability of any rights or obligations that arose prior to such variation, release or supersession.

### **15. PROCEDURE FOR CONSENT, APPROVAL AND NOTIFICATION**

- 15.1 Where the consent or approval of the Secretary of State is required under these undertakings, 21CF will seek the consent or approval in writing.
- 15.2 Any application by 21CF for the Secretary of State's approval must make full disclosure of every material fact and matter within its knowledge that it reasonably believes is relevant to the Secretary of State's decision (the **Relevant Information**). Where the Secretary of State considers that full disclosure has not been provided, it shall inform 21CF, and 21CF must promptly provide such additional information as the Secretary of State requires.
- 15.3 Where the Secretary of State grants consent or approval on the basis of misleading or incomplete information, and such information materially affects its consent or approval, the consent or approval is voidable at the election of the Secretary of State.
- 15.4 In the event that 21CF discovers that an application for consent or approval has been made without full disclosure to the Secretary of State in accordance with section 15.2, 21CF shall:

- (a) inform the Secretary of State in writing, identifying the Relevant Information that it omitted to include in the application for consent within two Working Days of becoming aware that the Relevant Information is misleading or incomplete; and
- (b) at the same time, or no later than two Working Days starting with the date on which 21CF has informed the Secretary of State of the omission in accordance with section 15.4(a) above, provide to the Secretary of State an application for consent that includes the missing and/or correct Relevant Information.

15.5 21CF shall use all reasonable endeavours to make each application for consent or approval so that it is received by the Secretary of State at least ten Working Days, or such lesser period as the Secretary of State may allow, before the day on which the Secretary of State's consent or approval is necessary to avoid a breach of these undertakings.

15.6 The Secretary of State will use all reasonable endeavours to grant or refuse any consent or approval within the ten Working Day period referred to in section 15.5 above. This provision is without prejudice to the Secretary of State's duties under the Act.

## **16. SEVERABILITY**

16.1 If any provision of these undertakings is or becomes contrary to law or invalid for any reason, 21CF shall continue to observe the remaining provisions.

16.2 21CF shall not rely on any default or want of authority on the part of 21CF or any officer or employee of 21CF in the execution of these undertakings unless directed to do so by the Secretary of State.

## **17. COMPLIANCE**

17.1 21CF shall comply promptly with such written directions as the Secretary of State may from time to time give:

- (i) to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings; or
- (ii) to do or refrain from doing anything so specified or described which it might be required by these undertakings to do or to refrain from doing.

17.2 21CF shall procure that any member of the same Group of Interconnected Bodies Corporate as 21CF complies with these undertakings as if it had given them and actions and omissions of the members of the same Group of Interconnected Bodies Corporate as 21CF shall be attributed to 21CF for the purposes of these undertakings.

17.3 Where any Affiliate of 21CF is not a member of the same Group of Interconnected Bodies Corporate as 21CF, 21CF shall use its best endeavours to procure that any such Affiliate will comply with these undertakings as if it had given them. Until the Closing Date, Sky shall not be treated as an Affiliate of 21CF for the purposes of this section 17.3.

## **18. INTERIM ACTION**

18.1 Except with the prior written consent of the Secretary of State, from the Effective Date until the Divestiture Date, 21CF shall not take any action that might prejudice the implementation of these undertakings or otherwise impair the Secretary of State's ability to take action for the purpose of

remedying, mitigating or preventing the effects adverse to the public interest which may be expected to result from the Transaction.

18.2 Further, and without prejudice to the generality of section 18.1, from the Closing Date until the Divestiture Date, 21CF shall ensure that (except with the prior written consent of the Secretary of State or for the purposes of preparing for the transfer of the Sky News business to Newco, the transfer of Newco to Disney and/or effecting the incorporation of Newco as a private limited company):

- (i) without 21CF accepting any duty to provide any substantial capital expenditure to the Sky News business in addition to the capital expenditure plans in place at the time of the Transaction, the Sky News business (as at the Closing Date) is maintained as a going concern and sufficient resources are made available by 21CF for the continuation of the Sky News business on the basis of its pre-merger business plan;
- (ii) no material changes are made to the organisational structure of the Sky News business or the management responsibilities within the Sky News business, other than in the ordinary course of business;
- (iii) the Sky News business, including its facilities and goodwill, is maintained and preserved and is run in the ordinary course;
- (iv) 21CF shall ensure that, subject to general compliance procedures and oversight, no employee or officer of 21CF, or member of the 21CF Board, will influence or attempt to influence, or seek to cause any other person 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 (including, but not limited to, the selection, prominence or running of news stories or the political comment and opinion to be broadcast on the Sky News services that will be transferred to Newco, the programming mix of shows or TV formats broadcast on those services, the target demographics of the services and the presentation of the services or in any other way seek to bring about changes to the editorial output of Sky News) prior to the Divestiture Date;
- (v) the nature, description, range and standard of news gathering and production and broadcast news currently supplied by the Sky News business is maintained;
- (vi) the separate brand identity of the Sky News business is maintained;
- (vii) no assets of the Sky News business are disposed of, and no Interest in such assets is created or disposed of, other than in the ordinary course of business;
- (viii) there is no new integration of the information technology used by Sky with that used by the Sky News business and the software and hardware platforms of the Sky News business shall remain unchanged, except for changes and maintenance in the ordinary course of business; and
- (ix) all reasonable steps are taken to encourage all Key Sky News Editorial Staff and all or substantially all staff currently engaged principally in the Sky News business (as set out in section 6.1 above) to remain with the Sky News business.

18.3 21CF shall provide to the Secretary of State such information as the Secretary of State may from time to time reasonably require for the purposes of monitoring compliance by 21CF with these undertakings.

## **19. DIVESTITURE OF NEWCO**

19.1 21CF shall ensure that the transfer of Newco to Disney takes place within a period not exceeding three months from the Closing Date (the **Divestiture Period**).

19.2 Within the period of five Working Days of the Closing Date, 21CF shall provide a written report to the Secretary of State setting out the timetable that it proposes to adopt, subject to the Secretary of State's approval, to ensure that the transfer of Newco to Disney takes place within the Divestiture Period (the **Approved Timetable**). The report will outline the progress that 21CF has made towards the transfer of Newco to Disney and the steps that have otherwise been taken to comply with the undertakings.

19.3 Thereafter, 21CF will provide similar reports to the Secretary of State every three weeks, or on such other interval as agreed with the Secretary of State, until the Divestiture Date. The reports will include an update on the progress that has been made towards the transfer of Newco to Disney within the Divestiture Period and, with the consent of the Secretary of State, such reports may be provided through the Monitoring Trustee in accordance with section 13.1 of these undertakings.

19.4 In the event that 21CF does not meet a step as set out in the Approved Timetable, or is otherwise delayed in implementing the divestiture required pursuant to these undertakings, 21CF undertakes to inform the Secretary of State in writing of the occurrence and the reasons for the failure promptly, but not later than two Working Days from becoming aware that a step in the Approved Timetable has not been met.

19.5 Without prejudice to 21CF's divestment reporting obligations under sections 19.2, 19.3 and 19.4, if 21CF considers that the transfer of Newco to Disney is unlikely to take place within the Divestiture Period it shall immediately inform the Secretary of State, explaining why it has formed such a belief. 21CF shall also immediately inform the Secretary of State if 21CF intends to commence, or has commenced, discussions with a potential purchaser of Newco other than Disney.

19.6 If the Secretary of State considers that the transfer of Newco to Disney is unlikely to take place within the Divestiture Period (whether following a report from 21CF pursuant to section 19.5 or otherwise) or if the Divestiture Period for any reason expires without Newco being transferred to Disney, the Secretary of State may issue directions to 21CF to appoint a Divestiture Trustee.

19.7 21CF undertakes that, if the Secretary of State issues a direction under section 19.6, 21CF will complete the transfer of Newco to a purchaser or purchasers approved by the Secretary of State in accordance with section 20 of these undertakings, pursuant to an agreement approved by the Secretary of State, such that the transfer of Newco takes place within a period of 3 months from the date of the direction under section 19.6 (the **Alternative Divestiture Period**) on terms which include commitments equivalent to those contemplated by sections 5, 7.1(b), and 7.1(c) of these Undertakings..

19.8 Without in any way limiting the scope of 21CF's obligations under section 19.7, 21CF will pay the 21CF Newco Financial Envelope to Newco if ownership of Newco passes to any purchaser or purchasers pursuant to an agreement approved under section 19.7.

19.9 If the Secretary of State issues a direction under section 19.6, sections 3, 9, 10, 11, 12, 13 and 18 of these undertakings shall continue to have effect until the date of the transfer of Newco to an

alternative purchaser or purchasers in accordance with section 19.7 (the **Alternative Divestiture Date**), as if references to the Divestiture Date were references to the Alternative Divestiture Date.

- 19.10 21CF shall notify the Secretary of State in writing of the identity of each proposed purchaser that makes an offer for Newco together with the value and terms of such offers as soon as reasonably practicable following the receipt of such offers and in any event within 2 Working Days of receipt of such offers.

## **20. APPROVAL OF ALTERNATIVE PURCHASER**

- 20.1 For the purposes of the Secretary of State approving an alternative purchaser of Newco in accordance with section 19 of these undertakings, 21CF shall, save as required or permitted by the Secretary of State, satisfy the Secretary of State that:

- (a) the acquisition by the proposed purchaser of Newco, on the terms set out above, remedies, mitigates or prevents the effects adverse to the public interest which may be expected to result from the Transaction, in particular having regard to the need to achieve as comprehensive a solution as is reasonable and practicable to those effects;
- (b) the proposed purchaser is independent of and unconnected to 21CF, News Corp, the MFT, any member of the Murdoch Family, or any member of the same Group of Interconnected Bodies Corporate as 21CF, News Corp or the MFT and any Associated Person or Affiliate of 21CF, News Corp, the MFT, any member of the Murdoch Family or such Group of Interconnected Bodies Corporate;
- (c) the proposed purchaser has the financial resources, expertise (including the managerial, operational and technical capability), incentive and intention to maintain and operate Newco as a viable and active news service from the date of completion of the divestiture taking account, in particular, of the payment of the 21CF Newco Financial Envelope under section 19.8 above;
- (d) the proposed purchaser is reasonably to be expected to obtain all necessary approvals, licences and consents from any regulatory or other authority, including (where applicable) landlord's consent to the transfer of any leasehold interest;
- (e) the acquisition by the proposed purchaser of Newco does not create a realistic prospect of a substantial lessening of competition within any market or markets in the UK, and may not be expected to operate against the public interest in terms of the considerations specified under section 58 of the Act; and
- (f) the proposed purchaser is willing to give appropriate undertakings to the Secretary of State analogous to those agreed with Disney including regarding the financing of Sky News and the corporate governance of Newco and an undertaking not to sell Sky News to any entity listed in section 20.1(b) above.

- 20.2 The Secretary of State may require 21CF to provide him or her with such information and documentation as he or she may reasonably require to satisfy himself or herself that the proposed purchaser will fulfil the requirements in section 20.1 above.

## **21. APPOINTMENT OF DIVESTITURE TRUSTEE**

- 21.1 The provisions of sections 21.2 to 21.7 below shall apply if the Secretary of State issues a direction under section 19.6.

- 21.2 Within 5 Working Days of the Secretary of State notifying 21CF in writing that it must do so, 21CF shall propose to the Secretary of State for approval:
- (a) the names of at least two individuals to exercise the Divestiture Trustee Functions; and
  - (b) the full terms of a mandate in accordance with which the Divestiture Trustee shall carry out the Divestiture Trustee Functions.
- 21.3 21CF and/or any individuals nominated pursuant to section 21.2 shall satisfy the Secretary of State that, save as required or permitted by the Secretary of State:
- (a) such nominated individuals have the necessary qualifications to carry out their mandates, and are employees or partners of an investment bank, retail bank, commercial property agent, building society or law firm or accountancy firm with an established reputation either nationwide or in a substantial part of the UK or in another EU member state;
  - (b) such nominated individuals are each independent of and unconnected to 21CF, News Corp, any member of the Murdoch Family, or any member of the same Group of Interconnected Bodies Corporate as 21CF or News Corp and any Associated Person or Affiliate of 21CF, News Corp, any member of the Murdoch Family or such Group of Interconnected Bodies Corporate, and of any proposed purchaser of Newco pursuant to these undertakings, and, in the reasonable opinion of 21CF, are appropriate to be appointed as Divestiture Trustee; and
  - (c) such nominated individuals neither are, nor are likely to become, exposed, either directly or indirectly, to a conflict of interest that impairs or may be likely to impair their objectivity or independence in discharging the Divestiture Trustee Functions.
- 21.4 Within 2 Working Days of the Secretary of State approving, at its discretion, one or more of the persons nominated by 21CF and their proposed mandates pursuant to section 21.2 above, and subject to any modifications the Secretary of State deems necessary for the Divestiture Trustee to carry out the Divestiture Trustee Functions, 21CF shall use its best endeavours to appoint from the persons so approved one person to carry out the Divestiture Trustee Functions in accordance with the mandate approved by the Secretary of State pursuant to paragraph 21.2 above.
- 21.5 In the event that:
- (a) 21CF fails to propose any person or persons in accordance with section 21.2 above; or
  - (b) none of the persons proposed by 21CF pursuant to section 21.2 is approved by the Secretary of State or
  - (c) 21CF is unable for any reason to appoint within the time limit stipulated in section 21.4 above any such person following approval by the Secretary of State,
- 21CF shall use its best endeavours to appoint from persons nominated by the Secretary of State one person to carry out the Divestiture Trustee Functions on the terms of a mandate approved by the Secretary of State. 21CF shall use its best endeavours to make such appointment within 2 Working Days of receiving the nominations from the Secretary of State.
- 21.6 The appointment of the Divestiture Trustee pursuant to section 21.4 or section 21.5 above shall be irrevocable unless:
- (a) a conflict of interest that impairs or may be likely to impair the objectivity or independence of the Divestiture Trustee in discharging the Divestiture Trustee Functions arises;

- (b) the Divestiture Trustee ceases to perform the Divestiture Trustee Functions; or
- (c) the Secretary of State is otherwise satisfied that there is good cause for the appointment to be terminated in advance of the satisfactory fulfilment of the Divestiture Trustee Functions.

21.7 In the event that the appointment of the Divestiture Trustee is terminated in accordance with section 21.6 above, 21CF shall, if requested to do so in writing by the Secretary of State, use its best endeavours to appoint from persons nominated by the Secretary of State one person to carry out the Divestiture Trustee Functions in accordance with such mandate as is approved by the Secretary of State. 21CF shall use its best endeavours to make such appointment within two Working Days of receiving the nominations from the Secretary of State. Where required by the Secretary of State, the outgoing Divestiture Trustee shall continue as Divestiture Trustee until a new Divestiture Trustee is in place and a full handover of all relevant information has taken place.

## **22. THE DIVESTITURE TRUSTEE MANDATE**

22.1 The terms of appointment proposed by 21CF pursuant to section 21.2 above shall, as a minimum, contain all provisions necessary to enable the Divestiture Trustee to carry out the Divestiture Trustee Functions including, without limitation to the generality of this section:

- (a) an exclusive, irrevocable mandate to sell Newco as required by section 23.1 below to a purchaser as directed or approved in writing in advance by the Secretary of State at no minimum price and on such reasonable terms and conditions as the Divestiture Trustee considers appropriate to effect an expedient sale;
- (b) a mandate to take any other steps necessary for, or incidental to, the Divestiture Trustee's mandate under sub-section (a) above;
- (c) a comprehensive power of attorney to the Divestiture Trustee (including the authority to grant sub-powers of attorney to the Divestiture Trustee's officers, employees and agents) to enable it to take all steps necessary or appropriate to effect the sale of Newco;
- (d) a mandate to comply with any orders and/or directions given by the Secretary of State; and
- (e) a mandate to appoint at 21CF's expense such advisers as the Secretary of State and/or the Divestiture Trustee reasonably considers necessary or appropriate in connection with the performance of the Divestiture Trustee Functions.

22.2 The power of attorney to the Divestiture Trustee contemplated by section 22.1(c) shall, in particular, empower the Divestiture Trustee to commit 21CF to pay the Newco 21CF Financial Envelope to Newco under the ownership of the purchaser.

## **23. FUNCTIONS OF DIVESTITURE TRUSTEE**

23.1 The Divestiture Trustee shall seek to procure, within the Alternative Divestiture Period, the completion of the transfer of Newco at no minimum price, to a purchaser or purchasers approved by the Secretary of State in accordance with the provisions of these undertakings.

23.2 Without prejudice to the generality of section 23.1 above, the Divestiture Trustee shall take the following measures in relation to Newco to the extent to which such measures may be necessary to effect the divestment of Newco in accordance with the provisions of these undertakings:

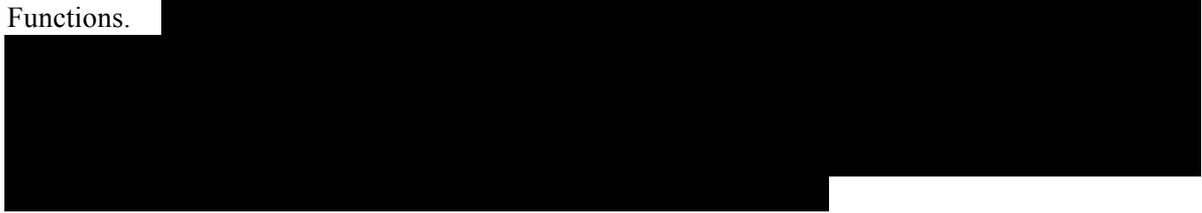
- (a) the transfer or vesting of property, assets, rights, personnel, liabilities or obligations (including without prejudice any contracts, licences, authorisations, permits or consents);

- (b) any other transfer of interests that will take effect with the sale;
- (c) the adjustment of contracts, whether by discharge or reduction or assignment of any liability or obligation or otherwise;
- (d) the creation, allotment, transfer, surrender or cancellation of any shares, stock or securities; and
- (e) the formation or winding up of a company.

23.3 The Divestiture Trustee shall not sell or permit the divestiture of Newco to a proposed purchaser unless it has been directed to do so by the Secretary of State or has obtained the Secretary of State's prior written approval in respect of the identity of that proposed purchaser. The Divestiture Trustee shall notify the Secretary of State of the identity of a proposed purchaser as soon as reasonably practicable prior to the signing of a legally enforceable agreement and in any event at least 20 Working Days in advance of the proposed completion of the proposed sale and purchase agreement in question.

23.4 Pending the divestiture of Newco pursuant to section 23.1 above, the Divestiture Trustee shall monitor 21CF's compliance with its obligations under section 24.1 and section 24.2 below and shall promptly take such measures as it considers necessary to ensure such compliance, as well as reporting in writing to the Secretary of State, if the Divestiture Trustee concludes on reasonable grounds that 21CF is failing or will fail to comply with such obligations.

23.5 The Divestiture Trustee may give written directions to 21CF to take such steps as may be specified or described in the directions for the purpose of securing 21CF's compliance with its obligations under these undertakings or enabling the Divestiture Trustee to carry out the Divestiture Trustee Functions.



23.6 The Divestiture Trustee shall, as soon as reasonably practicable, comply at all times with any reasonable instructions or written directions made by the Secretary of State for the purposes of carrying out or securing compliance with the undertakings (or any matter incidental thereto) and shall provide to the Secretary of State such information and reports in relation to the carrying out of the Divestiture Trustee Functions as the Secretary of State may require. The Divestiture Trustee shall promptly report in writing to the Secretary of State if the Divestiture Trustee concludes on reasonable grounds that 21CF is failing or will fail to comply with any of its obligations under these undertakings.

23.7 For the purpose of fulfilling the Divestiture Trustee Functions, the Divestiture Trustee shall not be bound by instructions of 21CF nor shall the Divestiture Trustee Functions be extended or varied in any way by 21CF save with the prior express written consent of the Secretary of State.

23.8 Without prejudice to the generality of section 23.4, the Divestiture Trustee shall every three weeks until the date on which Newco is transferred to an approved purchaser pursuant to section 19.7, report to the Secretary of State on its progress towards the transfer of Newco to an approved purchaser, compliance with these Undertakings and any other matters specified by the Secretary of State.

**24. OBLIGATIONS OF 21CF FOLLOWING APPOINTMENT OF DIVESTITURE TRUSTEE**

24.1 21CF shall not give any instruction or request to the Divestiture Trustee which conflicts with the Divestiture Trustee Functions.

24.2 21CF shall take all such steps as are reasonably necessary to enable the Divestiture Trustee to carry out the Divestiture Trustee Functions, including but not limited to:

(a) complying with such written directions as the Divestiture Trustee may from time to time give pursuant to section 23.5 above; and

(b) providing the Divestiture Trustee with all such cooperation, assistance and information as it may reasonably require in carrying out the Divestiture Trustee Functions.

**25. REMUNERATION OF DIVESTITURE TRUSTEE**

25.1 21CF shall pay the Divestiture Trustee a reasonable remuneration for the services it provides in carrying out the Divestiture Trustee Functions, and shall pay the Divestiture Trustee in a way that does not impede the independent and effective fulfilment of the Divestiture Trustee Functions, which shall be set out in the Divestiture Trustee's mandate referred to in section 21 above.

**26. EXTENSION OF TIME LIMITS**

26.1 The Secretary of State may, in response to a written request from 21CF, or otherwise at his or her own discretion, grant an extension to any time period referred to in these undertakings.

**27. PROVISION OF INFORMATION**

27.1 21CF shall furnish promptly to the Secretary of State, CMA and Ofcom such information as each considers necessary in relation to or in connection with its role in the implementation and/or enforcement of and/or monitoring the compliance with these undertakings, including for the avoidance of doubt, any confidential information.

27.2 Without prejudice to the generality of section 27.1, from the Closing Date until the Divestiture Date, 21CF shall actively keep the Secretary of State informed (with a copy provided to the Monitoring Trustee if appointed) of any material developments relating to the Sky News business, which includes but is not limited to:

(a) details of key staff who leave or join the Sky News business;

(b) any interruption of the Sky News business that has prevented it from operating in the ordinary course of business for any period of time that could be expected to have a material and detrimental impact on Sky News and/or its customers;

(c) substantial changes to the customer contracts for the Sky News business including any substantial changes in customers' demand; and

(d) substantial changes in the Sky News business's contractual arrangements or relationships with key suppliers.

**28. GOVERNING LAW**

28.1 These undertakings shall be governed and construed in all respects in accordance with English law.

28.2 Any dispute arising concerning these undertakings shall be subject to the jurisdictions of the courts of England and Wales.

28.3 Any contractual obligations arising out of or in connection with these undertakings shall be governed and construed in all respects in accordance with English law.

## 29. INTERPRETATION

29.1 The Interpretation Act 1978 shall apply to these undertakings as it does to Acts of Parliament.

29.2 The purpose of these undertakings is to give effect to the Decision and these undertakings shall be construed accordingly. In the event of conflict between these undertakings and the Decision, these undertakings prevail.

29.3 Any words or expressions used in these undertakings or the recitals of these undertakings shall, unless otherwise defined herein and/or the context otherwise requires, have the same meaning as in the Act and the Decision.

29.4 References in these undertakings to any English law term for any legal status, interest, concept or thing shall in respect of any jurisdiction other than England and Wales be deemed to include what most nearly approximates in that jurisdiction to the English law term.

29.5 In these undertakings the word "including" shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word and the word "include" and its derivatives shall be construed accordingly.

29.6 For the purposes of these undertakings:

“**21CF**” means 21st Century Fox, Inc.;

“**21CF Board**” means the board of directors of 21CF;

“**Act**” means the Enterprise Act 2002;

“**Affiliate**” of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;

“**Alternative Divestiture Date**” has the meaning set out in section 19.9 above;

“**Approved Timetable**” has the meaning set out in section 19.2 above;

“**Associated Person**” means a person or persons associated with 21CF, News Corp or any member of the Murdoch Family within the meaning of section 127(4) of the Act and includes any Subsidiary;

“**Brand Licensing Agreement**” has the meaning set out in section 6.4 above;

“**business**” has the meaning given by section 129(1) and (3) of the Act;

“**Closing Date**” means:

- (a) if the Transaction is effected by way of a takeover offer (as that term is defined in section 974 of the Companies Act), the date on which such takeover offer becomes or is declared unconditional in all respects; or

- (b) if the Transaction is effected by way of a scheme of arrangement, the date on which the Court sanctions the scheme of arrangement;

“**CMA**” means the Competition and Markets Authority;

“**Control**” shall be construed in accordance with section 26 of the Act, and in the case of a body corporate, a person shall be deemed to Control it if he holds, or has an interest in, shares of that body corporate amounting to 40 per cent or more of its issued share capital or carrying an entitlement to vote at meetings of that body corporate of 40 per cent or more of the total number of votes which may be cast at such meetings;

“**Cost Inflation**” means CPI or RPI, whichever is the greater

“**CPI**” means the consumer prices index, as published from time to time by the Office for National Statistics;

“**Disney**” means The Walt Disney Company or an Affiliate of The Walt Disney Company;

“**Divestiture Agreement**” has the meaning set out in section 7 above;

“**Divestiture Date**” has the meaning set out in section 7.1(a) above;

“**Divestiture Trustee**” means the person appointed pursuant to section 21.4, 21.5 or 21.7 to carry out the Divestiture Trustee Functions;

“**Divestiture Trustee Functions**” means the functions set out in section 23 above;

“**Effective Date**” means the date that, having been signed by 21CF, these undertakings are accepted by the Secretary of State, as described at 1.1 above;

“**EPG**” means Electronic Programme Guide;

“**EPG Services Agreement**” has the meaning set out in section 8.1(iv)(A) above;

“**Group of Interconnected Bodies Corporate**” has the meaning given in section 129(2) of the Act; references to a Group of Interconnected Bodies Corporate shall be to the Group of Interconnected Bodies Corporate as constituted from time to time;

“**Head of Sky News**” means the individual responsible for setting commercial strategy and operating within the Newco Financial Envelope, and setting editorial strategy and direction for Sky News’ digital, television and radio output, including holding the ultimate responsibility for the appointment and dismissal of Sky News employees (including presenters);

“**Independent Director**” means a member of the Newco board of directors who:

- has not been an employee of 21CF, News Corp, any member of the Murdoch Family, or any member of the same Group of Interconnected Bodies Corporate as 21CF (excluding Newco and Disney) or News Corp in the ten-year period preceding the Effective Date or within the five year period preceding the date of their first appointment;
- does not have, and has not had within the three year period preceding the date of their first appointment to the Newco board, a material business relationship with 21CF, News Corp or any member of the Murdoch Family, either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship (Sky’s independent directors shall not

be excluded from this definition by virtue of having served on Sky's board). For these purposes, employees of Disney and staff employed within Sky News shall not be deemed to have any such material business relationship unless they are members of the Murdoch Family or were employed by 21CF (other than within the Sky News business) or News Corp within the last three years;

- has not received and does not receive additional remuneration from 21CF, News Corp or any member of the Murdoch Family, apart from a director's fee, does not participate in 21CF's or News Corp's share option or performance-related pay scheme, and is not a member of Newco's, 21CF's or News Corp's pension scheme;
- does not have close family ties with any of 21CF's or News Corp's advisers, directors or senior employees or with any member of the Murdoch Family;
- does not have significant links with directors of 21CF or News Corp through involvement in other companies or bodies or with any member of the Murdoch Family;
- does not represent a significant 21CF or News Corp shareholder or any member of the Murdoch Family; and
- has not served on the board of 21CF, News Corp, any company controlled by any member of the Murdoch Family or any company on whose board any member of the Murdoch Family has served in the ten-year period preceding the Effective Date or within the nine year period preceding the date of their first appointment;

**"Interest"** includes shares, an interest in shares and any other interest carrying an entitlement to vote at shareholders' meetings; and for this purpose "an interest in shares" includes an entitlement by a person other than the registered holder, to exercise any right conferred by the holding of these shares or an entitlement to Control the exercise of such right;

**"Key Sky News Editorial Staff"** means the Head of Sky News, the executive editor of Sky News and the head of newsgathering of Sky News;

**"MFT"** means the Murdoch Family Trust;

**"Monitoring Trustee"** means the person appointed pursuant to section 9 above to carry out the Monitoring Trustee Functions;

**"Monitoring Trustee Functions"** means the functions set out in section 10 above;

**"Murdoch Family"** means Rupert Murdoch, Lachlan Murdoch and James Murdoch;

**"Newco"** means the private limited company (including, where relevant, any wholly-owned subsidiary of such private limited company) into which the business of Sky News will be transferred and which will continue to operate that business, as described in section 2.1 above;

**"Newco Board"** means the board of directors of Newco;

**"Newco 21CF Financial Envelope"** has the meaning set out in section 5.2 above;

**"Newco Disney Financial Envelope"** has the meaning set out in section 5.1 above;

**"Newco Financial Envelope"** means, together, the Newco 21CF Financial Envelope and the Newco Disney Financial Envelope;

“**News Corp**” means News Corporation;

“**Ofcom**” means the Office of Communications as established by the Office of Communications Act 2002, or, where relevant, the Director General of Telecommunications as appointed under section 1 of the Telecommunications Act 1984;

“**Order**” means the Enterprise Act 2002 (Protection of Legitimate Interests) Order 2003, as amended by the Enterprise Act 2002 (Protection of Legitimate Interests)(Amendment) Order 2014;

“**Relevant Information**” has the meaning given to it in section 15.2 above;

“**RPI**” means retail prices index, as published from time to time by the Office for National Statistics;

“**Secretary of State**” means Secretary of State for Digital, Culture, Media and Sport;

“**Sky**” means Sky plc;

“**Sky News**” means the business of news gathering and production, and creating and offering (whether on a free to air or subscription basis) the broadcast television news channels currently branded “Sky News” and “Sky News HD” provided by Sky UK and received primarily in the United Kingdom and related services under the Sky News brand (including digital and radio services) and/or news services provided to third parties, including the wholesale provision of news input to third party media enterprises. For the avoidance of doubt, “Sky Sports News” is a separate business which will remain under the sole control of Sky;

“**Sky News Business Transfer**” has the meaning set out in section 6.1 above;

“**Sky News Editorial Guidelines**” has the meaning given to it in section 4.1 above;

“**Sky UK**” means Sky UK Limited or any successor company that holds the licence for the Sky News service;

“**Subsidiary**” shall be construed in accordance with section 1159 of the Companies Act 2006 (as amended), unless otherwise stated;

“**Transaction**” means the proposed acquisition by 21CF of the entire issued and to be issued share capital of Sky that 21CF does not already own;

“**Working Day**” means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a bank holiday; and

“**written consent**” shall include consent given by email.