

# A look at Time Warner and Twenty-First Century Fox (Update)

July 16 2014, by Joe Pisani

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In this Nov. 7, 2007 file photo, people walk by the Time Warner Center in New York. Time Warner Inc. on Wednesday, July 16, 2014 said it has rejected a takeover bid from Twenty-First Century Fox and says it has no interest in further discussions with Rupert Murdoch's media entertainment giant. (AP Photo/Diane Bondareff, File)

Combining Time Warner and Fox would result in one media and entertainment juggernaut, bringing together such TV channels as HBO and Fox News Channel and two major production companies whose franchises include "Batman," "Harry Potter" and "Avatar."

Although Time Warner Inc. said Wednesday that it rejected last month's takeover bid from Twenty-First Century Fox Inc., a person familiar with the matter said that Fox Chairman and CEO Rupert Murdoch is determined, but disciplined, in continuing to pursue a deal. The person wasn't authorized to speak publicly and spoke on condition of anonymity.

Both companies have been focusing on their TV and movie units by shedding other businesses.

Last summer, Fox split from News Corp., which kept the newspaper and book publishing businesses.

Last month, Time Warner spun off magazine publishing company Time Inc. And in 2009, it spun off Internet company AOL Inc. and cable access provider Time Warner Cable Inc. into two separate companies. Years earlier, Time Warner shed its recording label, Warner Music Group.

Time Warner Inc. grew out of a merger of Time Inc. and Warner Communications in 1990. It acquired Ted Turner's Turner Broadcasting System in 1996. In turn, America Online Inc. acquired Time Warner in 2001, only to be spun off after CEO Jeff Bewkes called it "the biggest mistake in corporate history."

Fox's rejected cash-and-stock offer was worth about \$86.30 per Time Warner share, based on Tuesday's closing price. That represents a 22 percent premium. Analysts believe Murdoch could afford to raise the bid to more than \$100 by borrowing more money.

Time Warner is more vulnerable to a takeover because it has a single class of shares, so major shareholders might find it attractive even if the board doesn't. By contrast, Fox has a dual-class structure, allowing the

Murdoch family to maintain control with its nearly 40 percent of voting shares.



In this Aug. 14, 2012 file photo, News Corporation CEO Rupert Murdoch speaks during a forum on The Economics and Politics of Immigration in Boston. Murdoch's Twenty-First Century Fox on Wednesday, July 16, 2014 said Time Warner has rejected an offer it made last month to combine the two media and entertainment giants. (AP Photo/Josh Reynolds, File)

Of course, Murdoch hasn't always gotten what he wants. He had to give up his bid for DirecTV in 2008 after Liberty Media Corp. chairman John Malone outmaneuvered him by taking a threateningly large stake in News Corp. and the two ended up swapping shares. He also withdrew a bid to boost News Corp.'s stake in British Sky Broadcasting Group PLC

in 2011 amid outrage over a phone hacking scandal at News Corp.'s British newspapers.

If Time Warner and Fox do ultimately combine, it would be as large as Disney in market value.

Here's a look at some of the assets each company owns and some of the movies and TV shows they have produced:

— TIME WARNER INC.

TV networks: Cartoon Network, CNN, HBO, TBS, TNT

Studios: Warner Bros. Pictures, Telepictures Productions

Movies: "The Lego Movie," "Godzilla," "Edge of Tomorrow"

TV shows produced: "2 Broke Girls," "Arrow," "Two and a Half Men," "The Vampire Diaries"

Famous characters: Batman, Superman, Bugs Bunny, Harry Potter

— TWENTY-FIRST CENTURY FOX INC.

TV networks: Fox broadcast, Fox News, Fox Sports, FX, YES Network

Studios: Twentieth Century Fox, Blue Sky Studios

Movies: "Dawn of the Planet of the Apes," "Ice Age: Continental Drift," "Rio 2," "X-Men," "Avatar."

TV shows produced: "Modern Family," "American Horror Story," "Glee," "The Simpsons"

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