

Disney clears hurdle for Fox tie-up with US regulator approval (Update)

June 27 2018, by John Biers, With Rob Lever In Washington



The Walt Disney Company saw its chances rise for a major tie-up with 21st Century Fox after US regulators approved the \$71 billion sale of key Fox assets, subject to conditions

Walt Disney's proposed mega-deal with 21st Century Fox moved a step

closer to reality Wednesday as US regulators conditionally cleared the tie-up which could reshape the media-entertainment landscape.

The US Department of Justice approved the \$71.3 billion deal subject to Disney selling 22 regional sports networks now owned by Fox.

Disney has been in a bidding war with rival Comcast for the key film and television assets being sold by Rupert Murdoch's 21st Century Fox, including the prized 20th Century Fox studios and other media production units.

However, Disney-Fox is still not a done deal. Comcast, which owns the NBCUniversal group and is the largest US cable operator, was reportedly exploring partnering with another company on a higher bid.

Disney hailed the decision allowing the company "to resolve the limited potential concerns to position us to move forward with this exciting opportunity that will enable us to create even more compelling consumer experiences."

In reviewing Disney-Fox, the Justice Department said an asset sale was needed because Disney and Fox currently compete to sell cable sports programming in local markets around the United States.

With those divestitures, the deal would have meant higher prices for these distributors, the agency said.

"American consumers have benefitted from head-to-head competition between Disney and Fox's cable sports programming that ultimately has prevented cable television subscription prices from rising even higher," said assistant attorney general for antitrust Makan Delrahim.

The proposed settlement will be considered by a US federal court for

final approval.

'Simpsons' and 'Modern Family'

Disney and Comcast have been sparring over who will get assets that include production companies responsible for "The Simpsons" and "Modern Family," film production businesses and a key stake in the online platform Hulu.



The Fox Studios would be transferred to Walt Disney Co. under a planned tie-up between the two media-entertainment giants

Disney first unveiled the purchase of the Fox assets in December, hailing the deal as a means to provide more valuable content amid the rise of mobile technology and other new viewing options that have dealt a blow to conventional cable.

After Comcast came in with a \$65 billion all-cash bid on June 13, Disney raised its offer last week to \$71.3 billion while adding a cash component to its stock offer.

Fox said last week the Disney proposal "offers a package of consideration, flexibility and deal certainty enhancements."

Comcast has been reaching out to other companies, such as a private equity firm or technology or media company, on a joint bid, according to reports Wednesday in the Wall Street Journal and Bloomberg, suggesting the bidding may go as high as \$90 billion.

If the latest offer is completed, Disney would get the 20th Century Fox studios along with a controlling stake in Hulu, the online platform created by media groups to challenge Netflix and Amazon.

Disney already owns the ABC broadcast television network, sports broadcasting group ESPN and major Hollywood film studios along with theme parks around the world.

The deal became possible when Rupert Murdoch, 87, and his sons decided to slim down their media-entertainment empire, leaving them with the Fox News Channel, the Fox broadcast network and some sports cable operations.

Included in the planned sale is Fox's 39 percent stake in the British pay TV operator Sky. Murdoch has sought full control of Sky but has faced opposition from regulators in Britain.

Fox, which is controlled by Rupert Murdoch and his two sons, who are seeking to create a "new" Fox that is focused on its broadcast network, cable news and sports operations.

Fox has claimed that any tie-up with Comcast could face a tougher road with regulators, despite claims by Comcast to the contrary.

Comcast has said that a judge's approval June 13 of a massive \$85 billion takeover by telecom-broadband giant AT&T of media-entertainment conglomerate Time Warner effectively sets a benchmark that would allow a Comcast-Fox deal.

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Citation: Disney clears hurdle for Fox tie-up with US regulator approval (Update) (2018, June 27) retrieved 25 April 2024 from <https://phys.org/news/2018-06-disney-fox-antitrust-hurdle.html>

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