

Clarification on Disney/Fox transaction

Mexico City, February 6, 2019.- In August 2018, the Walt Disney Company (Disney) and Twenty-First Century Fox (Fox) notified, both the Federal Economic Competition Commission (COFECE or Commission) and the Federal Institute for Telecommunications (IFT), of their intention to merge at global level. Disney would acquire 100% of Fox's share capital, Fox's film and TV studios, cable entertainment and regional sport channels, as well as international television businesses.

At a second stage, in January 2019, to eliminate any possible risk to competition in the market for film distribution in movie theaters resulting from the transaction, the parties modified the merger which was initially notified. Parties now included the cession of Disney's participation in the share capital of Walt Disney Studios Sony Pictures Releasing de México (WDSSPR) in favor of Sony Pictures Releasing International Corporation (Sony Pictures).

According to the legal powers of each of the authorities, COFECE is competent to assess the impact of this merger on the following markets: i) film distribution for exhibition in movie theaters; ii) licensing of audiovisual content for home entertainment in both digital and physical formats for downloading or direct purchase; iii) licensing of music for home entertainment in both digital and physical formats for downloading or direct purchase; iv) licensing of non-digital music; v) live entertainment; vi) licensing of intellectual property rights for books and magazines, consumer products and for the development of interactive media and videogames.

In session of 31 January, COFECE's Board of Commissioners determined that, with the cession of Disney's participation in WDSSPR in favor of Sony Pictures, the transaction was unlikely to affect competition and free market access in the specific markets assessed by COFECE. Therefore, the Board, unanimously authorized the companies to merge exclusively in these markets.

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. This contributes to people's well-being and the efficient functioning of markets. With its work, COFECE seeks better conditions for consumers, more services of higher quality, and a "level playing field" for companies.

