

23 December 2010

Mr Steve Unger
Ofcom
Riverside House
2a Southwark Bridge
London SE1 9HA

Our ref RABS/2634527.1
Matter ref H6002/00002

By post and by email

Dear Mr Unger

NEWS CORPORATION PROPOSED ACQUISITION OF BRITISH SKY BROADCASTING GROUP PLC ("TRANSACTION") - OFCOM REPORT

As you are no doubt aware as a result of the revelations on the views expressed by the Secretary of State for Business, Innovation and Skills, Dr Vince Cable, which came to light during the 21 December, all responsibilities for competition and policy issues relating to media, broadcasting, digital and telecoms sectors have been transferred to the Secretary of State for Culture, Olympics, Media and Sport. We also note that this transfer of responsibility includes full responsibility for Ofcom's activities in these areas, including in relation to the Transaction.

As News has made clear in its public statements, it has been shocked and dismayed by the views of the Secretary of State for Business, Innovation and Skills, Dr Vince Cable, which were revealed during the course of 21 December.

While the removal of the Secretary of State for Business, Innovation and Skills and the Department for Business, Innovation and Skills ("DBIS") from a decision-making role in relation to the Transaction was clearly required, News still finds itself in the entirely unsatisfactory position that the original decision to issue an intervention notice under section 67 of the Enterprise Act 2002 was taken by a Secretary of State who was motivated by bias.

News continues to believe that, focusing on the legal test (and evidence relevant to it) rather than the plethora of unsubstantiated assertions that are made by complainants, the issues in this case are in fact quite well defined and straightforward and that the Transaction cannot be said to lead to any reduction in the sufficiency of plurality.

In the light of the recent revelations concerning the Secretary of State DBIS, and in order to seek to allay our client's understandable concerns, we would be grateful if you could please:

- (a) confirm that Ofcom has had no dealings with DBIS, before or after the issuing of the European intervention notice, which might cast doubt on the independence/integrity of the Ofcom team and its discharge of its role; and

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- (b) provide details of any dealings or communications between Ofcom/ DBIS in relation to the European intervention notice and the process of preparing the report that Ofcom is required to prepare by 31 December.

In view of the requirement for the submission of the report to the Secretary of State by 31 December, we should be grateful if you could let us know this information as a matter of urgency.

If you have any queries relating to this request, please do not hesitate to contact John Pheasant, Paul Dacam or Suzanne Rab of this office and Antonio Bavasso or Cery Darbon of Allen & Overy LLP. Please ensure all correspondence is marked for the attention of the same.

Yours sincerely

[Redacted signature]

cc A. Bavasso, Allen & Overy LLP