

STRICTLY CONFIDENTIAL

Rt Hon Jeremy Hunt MP
Secretary of State for Culture, Olympics, Media and Sport

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Dear Mr Hunt,

News Corporation - British Sky Broadcasting Group Plc

I write on behalf of News Corporation (News) in connection with its proposed acquisition of the remaining shares in British Sky Broadcasting Group Plc (Sky) that News does not already own (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 MP which came to light during the course of Tuesday 21 December.

While the removal of the Secretary of State for Business, Innovation and Skills and his department 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 clearly biased against the business interests of News and viewed himself as having "declared war" on Rupert Murdoch. News is particularly concerned by the following comments which were made by the Secretary of State for Business, Innovation and Skills and which suggest that Dr Cable's thinking and intentions may have been known to others, possibly including complainants waging a campaign against News:

"I have declared war on Mr Murdoch and I think we are going to win"

"I have blocked it using the powers that I have got and they are legal powers that I have got. I can't politicise it but from the people that know what is happening this is a big, big thing."

"His whole empire is now under attack... So there are things like that we do in government, that we can't do... all we can do in opposition is protest."

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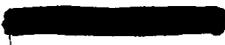
The initial decision to intervene was taken contrary to published DTI Guidance on Media Mergers and without a statement being made to Parliament providing any indication of the reasons for intervention departing from published Statutory Guidance. Previous submissions made to the Department for Business, Innovation and Skills in this regard will be made available to the appropriate officials in your department. The decision was also in stark contrast to the treatment of the recent acquisition of Channel 5 by Northern & Shell, in relation to which no public interest intervention was made, suggesting discriminatory and unfair treatment of News compared with other companies in broadly analogous situations.

News has always believed, and continues to believe, that, focussing on the correct legal test, and approaching the matter from a fair minded and rigorous standpoint, the issues in this case are well defined and straightforward and it is clear that the Transaction would not result in insufficient plurality for any audience in the UK. News is, of course, aware that during the review process which has so far been conducted a large number of complaints have been received, many from vocal and powerful media organisations. But these complaints are clearly self-serving. They reflect particular political and business agendas or personal hostility against the News group. These emotional arguments should play no part in decision making as to the sufficiency of plurality in the UK.

News wishes to reserve its rights and so would request that the Secretary of State for Culture, Olympics, Media and Sport informs News on or before the 31 December 2010 how he intends to proceed.

News will, in parallel, be writing to Ofcom and issuing Freedom of Information Act requests aimed at establishing whether or how, and if so in what terms, the biased approach of the Secretary of State for Business, Innovation and Skills may have been communicated to Ofcom in relation to its review or whether any of the complainants have had undue access or influence over the process.

Yours sincerely



pp
Antonio Bavasso
Partner