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BY EMAIL ONLY

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Victoria Kaye
Department for Culture, Media and Sport
2-4 Cockspur Street
London SW1Y 5DH

Allen & Overy LLP
One Bishops Square
London E1 6AD United Kingdom

Tel +44 (0)20 3088 0000
Fax +44 (0)20 3088 0088
Direct

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17 February 2011

Dear Victoria

News Corporation - British Sky Broadcasting Group Plc

I refer to the letter from the Secretary of State for Culture, Olympics, Media and Sport (the **Secretary of State**) of 15 February 2011 to James Murdoch and to Mr Murdoch's reply of 16 February 2011 enclosing a revised draft set of undertakings in lieu (**UIL**).

The Secretary of State notes that if News Corporation (**News**) accepts in principle the four changes set out in his letter, he will formally ask Ofcom and the OFT to continue their discussions with News with a view to producing as soon as possible a set of finalised UIL for consideration. The Secretary of State further notes that should he propose to accept those finalised UIL they can then be published and consulted on as the legislation requires.

News would be grateful if the Department for Culture, Media and Sport (**DCMS**) could clarify what procedural steps it envisages will be taken should the Secretary of State be minded to accept a finalised set of UIL (subject, of course, to the further consultation between News, Ofcom and the OFT envisaged in the Secretary of State's letter) and therefore commence the required public consultation.

Specifically, could you please confirm whether, at the time of announcement of his decision, the Secretary of State intends to publish the full text of his decision in principle and what reports (if any) he intends to publish. We note that the standard practice of the OFT is to publish the full decision only after announcement and once the parties have had an opportunity to make representations on redactions of confidential information.

News would wish to understand what provisions will be made with respect to the treatment of any confidential information referred to in the Secretary of State's decision on whether or not to accept UIL and would request to be given the opportunity to make representations on confidentiality as it is standard procedure in these cases.

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In this respect, News notes that each of the preliminary reports submitted by Ofcom and by the OFT in respect of News' proposed UIL on 11 February 2011 contain a large amount of commercially sensitive information relating to News' (and to Sky's) business, the disclosure of which – either directly or by partial inclusion in any Secretary of State's decision in principle - could harm its (and Sky's) legitimate commercial interests.

We note, however, that if the Secretary of State wished to publish the OFT and Ofcom reports he could direct the OFT and Ofcom to prepare their final reports in a form that, subject to News and Sky's submission, could be published promptly.

Yours sincerely

A large black rectangular redaction box covering the signature area.

Antonio Bavasso
Partner

cc: Jeff Palker and Andrea Appella - News Corporation; John Pheasant and Suzanne Rab - Hogan Lovells International LLP; Cerry Darbon and Dominic Long - Allen & Overy LLP

Enc.