

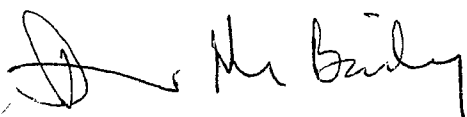
**BIS** | Department for Business  
Innovation & Skills

**The Rt Hon Vince Cable MP**  
Secretary of State for Business,  
Innovation and Skills

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Our ref: AOK/217344

31 August 2010



Thank you for your letter of 16 August, about the recent announcement by News Corporation that it plans to acquire 100% of the shares in British Sky Broadcasting (BSkyB). I am grateful for your submission, which I will take into account when considering whether to intervene in this case.

You suggest I might use the powers I have under the Enterprise Act 2002 to intervene in the proposed transaction on public interest grounds. The scope that exists for me to intervene in mergers on public interest grounds – including in media mergers – is, of course, tightly constrained by the law. It is not a general power to take decisions about ownership of particular enterprises. The guidance you refer to sets out the circumstances in which I might use my discretion to intervene in media mergers. This guidance was produced to provide a degree of certainty to the market about whether or not such intervention may be likely in a particular case.

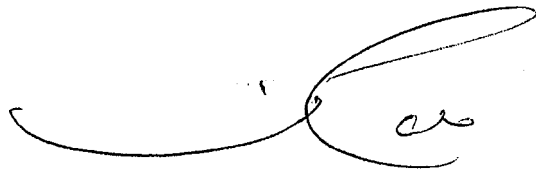
I understand the parties plan to notify this proposed transaction to the EU Commission (DG Competition) under the EC Merger Regulation (ECMR). Once the transaction has been formally notified to it, DG Competition will have an initial 25 working days to decide whether to clear the merger or initiate a more in depth second phase investigation of its impact on competition in the market. This competition assessment should serve to prevent the transaction from resulting in a substantial lessening of competition in relevant markets. Many of the points you raise appear to relate to potential competition impacts.

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I recommend that you submit arguments on these matters to DG Competition at the appropriate time.

A handwritten signature in black ink, consisting of a large, sweeping initial 'V' followed by a smaller, more intricate signature.

**VINCE CABLE**