The board of NewCo will therefore have the usual level of responsibility and accountability for the activities of NewCo as a whole and no specific arrangements are required to achieve this.

The role and responsibilities of the board of NewCo are designed specifically to mirror the existing role and responsibilities of the board of Sky.

As News has emphasised in its earlier submissions to Ofcom and accepted by the CC in Sky/ITV, editorial matters are not ordinarily matters for the board.[2]

Ofcom did not indicate in its Report that it disagreed with this in principle.

Going forward, quality, experienced editorial staff such as those currently employed by Sky News would fully expect that they would have ultimate responsibility for editorial policies and decisions and would not expect those decisions to be allocated to the board.

The corporate governance provisions of NewCo will mirror those currently existing at Sky. Ofcom appeared to place considerable weight on the existence of other shareholders and independent directors in Sky at the present time.

Furthermore, the proposed structural solution will be supported by the regulatory overlay and a culture of editorial independence which Ofcom recognises play a role in the analysis: "*We recognise that the impartiality rules may contribute as a safeguard against potential influence on the news agenda by media owners*" (paragraph 1.41). Later (at paragraph 5.96) Ofcom notes its: "*view that cultural safeguards may be expected to go some way to maintaining the editorial impartiality of Sky News*".

In summary, News' proposed structural solution will maintain the editorial independence of Sky News against a regulatory regime and culture which promotes impartiality and independence in the presentation on TV news. The Transaction will therefore have no effect on the plurality of persons with control of media enterprises serving audiences in the UK.

15. ***What would be the practical arrangements for appointment and removal of the editor and other senior editorial roles of Newco, as well as creation of new senior editorial roles in Newco?***

These matters would be determined by the management of NewCo, as is presently the case for Sky.

Allen & Overy LLP on behalf of **News Corporation**

7 February 2011

[2] Please refer to paragraph's 5.56 and 5.57 of the CC's report to the Secretary of State in Sky/ITV.