

9 November 2010

Jeff Palker
News International
3 Thomas More Square
London
E98 1EX

STEVE UNGER
Chief Technology Officer

Direct line [REDACTED]
Direct fax [REDACTED]
[REDACTED]

Dear Mr Palker,

News Corporation/BSkyB merger public interest assessment – request for information

I am writing to request information in connection with Ofcom's ongoing public interest assessment of the proposed merger between the News Corporation group plc ("News Corporation") and British Sky Broadcasting plc ("BSkyB"). This request is made on an informal basis.

Background

In respect of the proposed News Corporation acquisition of the shares in BSkyB it does not already own, the Secretary of State for BIS has issued a European intervention notice in relation to the public interest consideration in section 58 of the Enterprise Act 2002 concerned with the sufficiency of plurality of persons with control of media enterprises ("the public interest assessment").

We published a guidance note on 4 November 2010 setting out the process and timetable for preparing our report and published an invitation to comment on 5 November 2010. The closing date for responses is 19 November 2010.

We are requesting information from you in order to inform our work on the public interest assessment.

Information requested

News Corporation is requested to provide Ofcom with the information specified in the annex. The specified information is requested to be provided in the manner and form specified, by sending it in electronic or hard copy format to Clive Carter or giving it to Clive Carter in person at: Ofcom, 2a Southwark Bridge Road, London, SE1 9HA. Please e-mail your response to [REDACTED]. Please provide the information by 5pm on Tuesday 23 November 2010.

Following receipt of this information request, Ofcom will contact both parties to the proposed merger on Thursday 11 November 2010 to discuss the availability of the requested information.

Further information

If the questions we are asking do not capture any further information you consider of relevance to the assessment, please provide it in response to our invitation to comment.

Confidentiality

In the response please set out in a separate annex marked "Confidential information" any document or information which you consider to contain confidential information and supply a written explanation as to why it should be treated as such. You should also supply an edited paper and/or electronic version of the document or information or answer.

It is for Ofcom to determine whether or not the information is to be disclosed in accordance with Part 9 of the Enterprise Act 2002. Information provided will be disclosed to the Secretary of State.

Offences

I draw your attention to section 117 of the Enterprise Act 2002 (a copy of which is enclosed) which sets out the offences created by the Act in relation to the provision of false or misleading information to Ofcom in connection with its functions under Part I of the Act.

Yours sincerely,

A thick black horizontal line redacting the signature of Steve Unger.

Steve Unger

Annex: Information request – News Corporation

For the purposes of this document:

- “News Corporation” means all entities in the News Corporation group, excluding (for the avoidance of doubt) British Sky Broadcasting plc and the companies British Sky Broadcasting plc owns or controls.
- “BSkyB” means British Sky Broadcasting plc and the companies British Sky Broadcasting plc owns or controls.
- “proposed concentration” means the proposed acquisition by News Corporation of those shares in British Sky Broadcasting plc it does not already own.

A. Rationale for the merger

1. Please provide copies of analyses, reports, studies, surveys and any comparable documents prepared by or for any member(s) of the board of directors, or the supervisory board, or the other person(s) exercising similar functions (or to whom such functions have been delegated or entrusted), or the shareholders’ meeting, for the purpose of assessing or analysing the proposed concentration with respect to market shares, competitive conditions, competitors (actual and potential), the rationale of the concentration, potential for sales growth or expansion into other product or geographic markets, and/or general market conditions. Please indicate (if not contained in the document itself) the date of preparation, the name and title of each individual who prepared each such document. (Form CO section 5.4).
2. Please provide copies of any documents not provided in response to A.1, which have been presented to any News Corporation committee or decision making body, discussing, in relation to the UK operations of News Corporation/BSkyB, potential future strategies including but not limited to plans or proposals for potential synergies, new products, bundling existing or new products, pricing strategies in particular discounts, cross subsidies, organisational restructuring, changes to management, changes to editorial arrangements (through for example any potential merging of news desks or joint commissioning and news planning), changes to promotion of products including cross promotion and market positioning following the proposed concentration.

B. Audiences

Current situation

3. Please outline the strategy and business objectives of the UK media operations of News Corporation, were the proposed concentration not to take place.
4. Please provide the following data, in relation to:
 - each of News International’s UK newspaper titles (using ABC and NRS data where relevant); and
 - each of News International’s websites targeted at UK consumers (using UKOM data)
 - Fox News broadcast in the UK.

- 4.1. Demographic¹, age² and geographic³ breakdown of readership (for press)/ monthly users (for websites) for each of the products set out above. (Five year time series, quarterly.)
- 4.2. For News International print titles that are now behind a 'pay wall' online (Times Online, and News of the World), please provide subscriber numbers, demography, age and geography. (Five year time series, monthly data.)

Please provide it in a machine readable format (Excel, SPSS). Please include any written reports and charts associated with this data.

5. Please provide any audience segmentation models (current or from the last five years) that describe how people consume combinations of the following products: News International newspaper titles in the UK; News International websites targeted at UK consumers; BSkyB UK television channels (whether wholly or partly owned by BSkyB); BSkyB websites targeted at UK consumers; commercial national/local UK radio news bulletins supplied by Sky News; competing press titles; competing websites; and competing television channels. To include how segmentations were built and full details of methodologies.

C. Ownership and control – external

Current situation

6. Please provide details of the overall group structure of News Corporation, including a flow chart for illustrative purposes. Details of the following in particular should be included:
 - 6.1. The ultimate parent of News Corporation;
 - 6.2. Any holding company of News Corporation;
 - 6.3. Any subsidiary of News Corporation;
 - 6.4. Any media enterprise in which News Corporation, any holding company of News Corporation, and/or the ultimate parent company of News Corporation has a shareholding of 15% or more and please identify the level of shareholding concerned; and
 - 6.5. Shareholders with a 15% or more shareholding in News Corporation, in any holding company of News Corporation and in the ultimate parent company of News Corporation and please identify the level of shareholding concerned;
7. Please list all third parties with which you have arrangements under which content prepared by News Corporation is made available to UK consumers over a third party platform. Please state, in each case, what content is made available. Please state, in

¹ ABC1 and C2DE

² 16-24, 25-34, 35-44, 45-54, 55-64, 65+

³ "Geographic" breakdown should be within the UK, by ISBA region

each case, which of News Corporation and the third party has the consumer relationship, if any.

8. Please describe how News Corporation and BSkyB currently interact. Please give details of formal and informal contacts between them relating to:
 - Governance and operational business decisions; and
 - Decisions relating to UK media operations, including content creation / news reporting and distribution

Please include details of:

- frequency of contacts;
 - the names and job titles of those involved;
 - the degree to which any contact may take place between BSkyB and those working on News Corporation's UK newspaper titles;
 - the degree to which News Corporation uses any BSkyB content or vice versa; and
 - the degree to which there is discussion of individual news stories between BSkyB and News Corporation.
9. Please describe how far News Corporation's current shareholding in BSkyB allows it to direct and set BSkyB's strategies, policies and content decisions.
 10. Please describe any policies, processes or governance structures intended to ensure editorial freedom within News Corporation operations in the UK. Please indicate where any policies, process or governance were imposed or undertaken as a result of previous transactions.
 11. Please describe how the final decisions on senior editorial appointments within UK focused News Corporation media businesses are made. Please include the names and job titles of the individuals involved in this process.

Impact of the merger

12. Please describe how the arrangements you described in response to question 8 would be affected by the proposed concentration.
13. Please describe how the policies, processes or governance structures described in response to question 10 may change if the proposed concentration takes place.
14. Please state whether, and how the process described in question 11 may change if the proposed concentration takes place.

D. Longer term

15. What are the potential benefits to UK customers from the proposed concentration?