



department for
**culture, media
and sport**

009/11

25 January 2011

news release

NEWS CORP/BSKYB MERGER

Today the Secretary of State for Culture, Olympics, Media and Sport will give an update on the timeline and process that he has followed in his considerations of the relevant public interest in this proposed merger, and is publishing the following documents:

- Ofcom's report on the public interest issues relating to News Corporation's proposed acquisition of BSkyB that was sent to the Secretary of State on 31 December 2010 (redacted for confidentiality).
- The Office of Fair Trading's report on jurisdiction that was sent to the Secretary of State on 30 December.
- The Secretary of State's letters to News Corporation and BSkyB of 7 January 2011.
- BSkyB's response of 13 January 2011 with confidential information redacted.

- News Corporation's response of 14 January 2011 with confidential information redacted.

Secretary of State for Culture, Olympics, Media and Sport Jeremy Hunt said:

"After careful consideration of the Ofcom Report, which recommends referral to the Competition Commission, and as provided by in Section 104 of the Enterprise Act 2002 that sets out my duty to consult adversely affected parties, I met with News Corporation on 6 January to set out the process that I would follow and briefly explain Ofcom's conclusions. Having informed them of the process I then wrote to News Corporation and BSkyB on 7 January enclosing a copy of Ofcom's Report. In this letter I explained that I was minded to refer the case to the Competition Commission but that I would receive written, and if necessary oral, representations from them if they wanted to challenge my thinking.

"On 10 January I met with Ofcom to seek clarification on a number of aspects of their report.

"In response to my letter of 7 January BSkyB and News Corporation provided written representations challenging elements of Ofcom's report on 13 and 14 January respectively. These documents have today been published. After considering these responses and consistent with section 104 of the Enterprise Act 2002 I therefore met again with News Corporation on 20 January to hear representations on the issues they highlighted.

"As a result of these meetings and my consideration of the Ofcom report and subsequent submissions from the parties involved I still intend to refer the merger to the Competition Commission. On the evidence available, I consider that it may be the case that the merger may operate against the public interest in media plurality.

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“However, before doing so it is right that I consider any undertakings in lieu offered by any merging party which have the potential to prevent or otherwise mitigate the potential threats to media plurality identified in the Ofcom report.

“News Corporation says that it wishes me to consider undertakings in lieu which it contends could sufficiently alleviate the concerns I have such that I should accept the undertakings instead of making a reference. It is appropriate for me to consider such undertakings. In considering whether to accept undertakings in lieu, I will ask the Office of Fair Trading, under section 93 of the Enterprise Act 2002 as an expert public body with experience in negotiating undertakings in lieu, to be involved in the process from this stage. I will also ask Ofcom under section 106B for advice whether undertakings in lieu address the potential impact on media plurality.

“If this process produces undertakings in lieu which I believe will prevent or otherwise mitigate the merger from having effects adverse to the public interest, and which I propose to accept, I will then publish the undertakings in lieu and (as required under the Act) begin a formal 15 day consultation period during which time all interested parties will be able to express their views.

“It is in the nature of this process that I cannot give clear dates for each step as we move forward. My main concern is not to work to an arbitrary timetable but to ensure that I reach my decision in a fair and even-handed way which is transparent and ensures that all concerns are properly considered.”

NOTES TO EDITORS

On 3 November 2010 News Corporation notified the European Commission of its intention to acquire the shares in BSkyB that it does not already own. On 4 November 2010 the Secretary of State for Business, Innovation and Skills issued a European intervention notice in relation to the proposed acquisition. He asked Ofcom to

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investigate and report back to him by 31 December 2010 providing advice and recommendations on the public interest consideration in section 58 of the Enterprise Act 2002. This public interest consideration concerns the sufficiency of plurality of persons with control of media enterprises.

On 21 December 2010 the European Commission cleared the proposed acquisition of BSkyB by News Corporation. The Commission concluded that the transaction would not significantly impede effective competition in the European Economic Area or any substantial part of it. The Commission made it clear that its decision did not prejudice the Secretary of State's jurisdiction in relation to the merger's impact on the separate question of sufficiency of plurality in the media.

Press enquiries: 020 7211 2210

Out of hours telephone pager: 07699 751153

Public enquiries: 020 7211 6000

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