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The Rt Hon Karen Bradley MP
Secretary of State for Digital, Culture, Media and Sport
Department for Digital, Culture, Media and Sport
100 Parliament Street
London SW1A 2BQ

14 July 2017

Dear Secretary of State,

21st Century Fox's proposed acquisition of Sky plc

In response to our requests for a meeting with your officials, we were directed to present in writing any further thoughts in addition to our response of 7 July. As you deliberate on how to proceed with our transaction, we would like to reiterate the rationale and intentions behind our proposed acquisition of Sky.

As you will be aware, we are both the founder of and a long-term committed investor in Sky. We have believed in this business for more than twenty-five years – from conception, through thick and thin, to the present day.

Today, Sky is everything a great creative company should be: it is imbued with a culture that nurtures ingenuity and innovation, and it has worked diligently to become one of Europe's great, trusted brands powered by a distinctive creative outlook.

At this time in particular, we also believe Sky is a compelling statement of much that is great about Britain. At nearly £12 billion, our further investment underscores our profound confidence in the future of the UK as a global hub for creativity and technological expertise.

Furthermore, we consider that the United Kingdom's creative industry's long-term success in a global market will only be strengthened by the enhanced scale and capabilities of this combined company. This will mean that Sky can continue to prosper within a competitive set that now includes some of the largest companies in the world, none of whom have the local depth of investment in and commitment to the UK.

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If approved, the transaction would result in our continued investment in the UK, which currently measures over 20,000 employees in Scotland, the north of England and London, and a combined £700 million spend on UK productions and original programming. 21st Century Fox would expect to build on Sky's already outstanding original content pipeline, including 1,000 hours of original programming and 80 series in development. We have made Statements of Intent under the UK Takeover Code to this effect.

We understand the growth of the creative sector to be consistent with the clear and welcome policy of the UK Government, which identifies this industry as a core pillar of the UK's industrial strategy. Inward investment, and the positive signal it sends to companies around the world, is more important than ever as the UK prepares to chart a course outside the EU.

In light of this context, we were disappointed to learn from the 29 June announcement that you are minded to refer our proposed acquisition to the Competition and Markets Authority (CMA) for a phase two review in respect of media plurality.

We have engaged constructively and cooperatively with Ofcom during their review and we were surprised that you did not accept Ofcom's advice that our proposed undertakings to maintain the editorial independence of Sky News would "mitigate the media plurality concerns".

We were, however, pleased that you are proposing not to refer the transaction to the CMA regarding the commitment to broadcasting standards, consistent with the regulator's recommendations. Ofcom, as the expert arbiter of UK broadcasting compliance, undertook a robust and rigorous review of our commitment to the Broadcasting Code. That review made clear that both 21CF and Sky have records of compliance consistent with other comparable licence holders and concluded that "there are no broadcasting standards concerns that may justify a reference by the Secretary of State to the Competition and Markets Authority." Ofcom's conclusions were, as you stated to Parliament, "unequivocal".

We have remained willing to work constructively with the regulatory authorities, and will continue to do so in the event of referral to the CMA on plurality grounds.

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While we await the outcome of the regulatory process, important investment decisions will inevitably need to be deferred. There is also the broader risk of a potential harmful effect on other companies' inward investment decisions currently under consideration in the UK. As one of the first, and the most significant investment to be proposed following last year's referendum on exiting the EU, our proposed transaction will be carefully scrutinised by others keen to gauge the Government's commitment to creating a climate conducive to investment, or in the words of the Prime Minister and several of your fellow ministers, "open for business".

In light of the transaction's benefit to the UK and the implications for delay, we would urge you to continue to ensure that political considerations are not allowed to cloud the decision-making process and to be mindful of the independent regulator's assessment that the undertakings already offered mitigate any issues that might have been present.

In that light, we were encouraged by your statement to Parliament on 29 June that "in this quasi-judicial process, my decisions can only be influenced by facts, not opinions - and by the quality of evidence, not who shouts the loudest."

Yours sincerely,

Lachlan James

cc: Sir Jeremy Heywood KCB, CVO, Secretary of the Cabinet & Head of the Civil Service