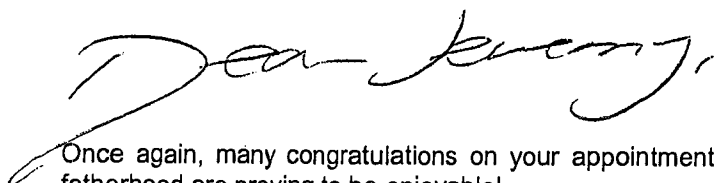


TRINITY MIRROR PLC

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Rt Hon Jeremy Hunt MP
Secretary of State for Culture, Olympics, Media and Sport
Department for Culture, Media and Sport
2-4 Cockspur Street
London
SW1Y 5DH

22 June 2010



Once again, many congratulations on your appointment. I hope that both government and fatherhood are proving to be enjoyable!

As you know, Trinity Mirror plc is one of the UK's largest newspaper publishers. Our award-winning portfolio includes five national newspapers: The Daily Mirror, the Sunday Mirror, The People, the Daily Record and the Sunday Mail, and over 150 regional newspapers including household names such as the Liverpool Echo, the Birmingham Mail, the Western Mail and the Newcastle Chronicle. In March this year, we acquired the Manchester Evening News and of course titles in your own constituency such as the Surrey Advertiser

In digital, we now publish over 400 digital products which include newspaper companion websites and mobile sites to complement our key newspaper brands, hyperlocal sites which provide news and community information on specific postcode areas, national platforms for recruitment and property advertising and a number of recently launched i phone apps..

We employ over 6,500 people in more than 68 locations across the UK.

Now that you have been in post for a few weeks, I thought it both appropriate and timely to set out in overview Trinity Mirror's position on a number of key industry issues, specifically Local TV (IFNCs and City TV), the scope of the BBC, the competition regime and cross-media ownership rules and Local Authority newspapers.

These issues in many ways not only touch Trinity Mirror, but are central to the future commercial and regulatory landscape of media in this country..

IFNCs and City TV

Trinity Mirror was part of the winning News 3 consortium for the English IFNC pilot, so I was naturally disappointed that the project was cancelled. With our partners, the Press Association and Ten Alps, we had developed a detailed plan for a new operating model for regional news across print, digital and TV platforms.

By combining Trinity Mirror's newsgathering firepower with the Press Association's up-to-date and low-cost video newsgathering skills and Ten Alps' programme-making pedigree our plan would have broken the mould of regional news through:

- a cutting-edge and low-cost TV studio integrated into our Newcastle newsroom;
- collaboration and sharing of news agendas and newsgathering resources between print, TV and online;
- use of lower cost and more flexible internet-based technologies to gather, file and distribute video news content, instead of the broadcast-era technology currently used in regional TV news and at channels such as Channel M;
- multi-skilling for print journalists; and
- cross-platform promotion to drive audiences to regional news and provide greater competition to the BBC.

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Of course, the IFNC scheme was dependent on public subsidy (ITV's retention of commercial airtime around the bulletins did not help), but far from making a profit, there was a risk that we would actually have lost money on the scheme. We participated not for short-term financial gain but because I wanted Trinity Mirror to play a lead role in the development of new cross-platform models for regional and local news which I believe will be vital for the future of our company and our industry.

As I said in response to your Hospital Club speech, our research into the viability of city TV stations suggests that the costs are too high and the potential revenues are too low to support a sustainable business model. And our market is quite different in structure and behaviour to the US local tv market. So I welcome your appointment of Nicholas Shott at Lazards to investigate this area further.

Whatever the future models for regional and local news provision will be, I believe that the innovative plans developed by the News 3 consortium will be directly relevant. If you, your team, or Nick Shott would like our input at any time over the coming months, we would be very pleased to contribute. I have also contacted Nick Shott directly to offer our support..

The BBC

As you said in your speech at the Hospital club, the BBC is a great national institution. But it has grown too large, especially online, putting at risk the commercial sector's ability to develop new online media business models. To give you a sense of the scale of the BBC's activities, in 2009 it spent £177m on Online (including iPlayer) of which £112m was spent on "content". By contrast, the cost base of Trinity Mirror's online regional business was £24m. Our businesses are not insulated from the real world of revenues, profits and commercial returns and must invest carefully to build sustainable digital businesses which can support themselves.

You will recall that in 2008 we successfully argued against BBC management's plans to spend £68m on a range of new local video sites which would have been in direct competition with our nascent regional online business.

I have recently responded to the BBC Trust's consultation on the BBC management's Strategy Review. In the foreword to the strategy, the Director General calls for the BBC to "leave space clear for others", "not attempt to do everything", "listen to legitimate concerns from commercial media players more carefully than it has in the past and act sooner to meet them", and for the BBC to have "the confidence and clarity to stop as well as to start doing things".

I fully support these principles, but unfortunately, the strategy does not do enough to back up these wise words, and I am concerned that the Director General's vision of the BBC's role at the heart of a "public space" betrays an undimmed expansionary ambition.

In particular, the BBC:

- has proposed to "do fewer things better", but we question whether the target to cut 25% of the BBC's online budget is enough, and why the full impact of these actions is to be delayed until 2013;
- says it will not create any more local websites for England, which we welcome, although it does not mention Scotland and Wales and fails to provide sufficient clarity on development plans for its existing network of 50 local websites, which compete for audiences with the commercial sector;
- plans to transform itself into a "window on the web", by increasing the amount of links through to commercial sector websites such as ours, but the targets that management propose are not ambitious enough to achieve that goal;
- has failed to outline a mobile strategy, despite its planned launch of free mobile applications for iPhone and the launch overseas of an iPad application. These actions could undermine the nascent market for paid-for application, an extremely important area of development of new digital business models.

I await with interest the outcome of the BBC Trust's consultation and hope that the Trust will ensure that BBC Management address these important issues.

The competition regime and ownership regulations

Last year, together with my counterparts at other newspaper groups, I argued that the local media merger regime should be relaxed. Our local businesses are competing day-in-day-out with highly successful internet companies such as Google, Rightmove and Autotrader for local advertising revenues, and it seemed that it was only the competition authorities who didn't recognise the realities of the modern media market place. We believe that consolidation in the industry is a necessary condition for the survival of many titles and indeed companies and would not lead to a substantial lessening of competition for advertisers.

I was encouraged that the OFT acknowledged the thrust of many of our arguments, and welcomed its decision to give Ofcom a role in future mergers to address this very issue. However, we will have to wait for a large merger or acquisition before we will know for certain that the competition regime is indeed fit for the 21st century.

I am delighted that you have decided to accept Ofcom's recommendations to relax the local media cross-media ownership regulations. It is vital for local media to be given as much flexibility as possible to respond to market changes and new cross-platform opportunities.

Local Authority newspapers

No doubt you will have seen the campaign run by our Hammersmith and Fulham Chronicle title ("Proper Papers not Propaganda") against the fortnightly Local Authority newspaper which competes against us for advertising. Not only are publications such as these a threat to democracy, but they are not commercially viable and are therefore being published at a direct cost to local council tax payers.

I was extremely pleased that the coalition's programme for government addressed this problem by stating that it "will impose tougher rules to stop unfair competition by local authority newspapers". My colleague Georgina Harvey, the next President of the Newspaper Society discussed the issues directly with Eric Pickles last week and I hope that we can count on your department's support in ensuring quick progress on this important issue.

Each of the above issues are of significant importance to Trinity Mirror and I would very much welcome a meeting in person so that we may discuss them further.

We are truly living in exciting times and, as you rightly stated in your speech at The Hospital Club, are "at a technological turning point of huge significance" which presents significant opportunities and challenges that we as an industry all need to embrace.

I look forward to meeting you soon but in the meantime, should you require any support on any of these issues then we would be more than happy to help.

Kind regards



Sly Bailey