

News Corporation
K.R. Murdoch
First Statement
KRM1 – KRM44
12 April 2012

**IN THE MATTER OF THE LEVESON INQUIRY INTO THE CULTURE, PRACTICES AND ETHICS
OF THE PRESS**

WITNESS STATEMENT OF KEITH RUPERT MURDOCH

Introduction

- 1 I am Chairman and Chief Executive Officer of News Corporation.
- 2 My grandfather Patrick John Murdoch was born in Scotland and emigrated to Australia. He was a Presbyterian minister who was a supporter of the free press. He called it "probably the strongest foe of tyranny."
- 3 I was born in Australia in 1931 but I became a US citizen in 1985. I studied Philosophy, Politics and Economics at Worcester College, Oxford from 1950 to 1953. In 1952, at the age of 21, my siblings and I inherited my family's interest in a company that included a stake in News Limited, an Australian public company. In my father's will, he stated:

"Queensland Newspapers Pty Ltd. . . should continue to express ideals of newspaper and broadcasting activities in the service of others and these ideals should be pursued with deep interest . . . and I desire that my said son Keith Rupert Murdoch shall have the great opportunity of spending a useful altruistic and full life in newspaper and broadcasting activities and of ultimately occupying a position of high responsibility in that field with the support of my trustees if they consider him worthy of that support."
- 4 At that time News Limited owned the Adelaide News, which had a circulation of over 90,000 copies, as well as the Sunday Mail, with over 150,000 sales. From there, in 1957 we expanded the newspaper and magazine holdings throughout Australia, first into Melbourne and Perth then in 1960 to Sydney where one of News Limited's titles, the Daily Mirror, after a long struggle, eventually became the biggest selling paper in New South Wales. We also entered the New Zealand market. In 1964 we launched The Australian, Australia's first national daily newspaper.

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- 5 The group expanded into the UK market in December 1968 with the purchase of the News of the World and later The Sun, The Times and The Sunday Times under the holding company which is today called NI Group Limited, more commonly referred to as News International ("NI").
- 6 Expansion into the US market and beyond took place from 1973 onwards, and later with diversification into other media as well as newspapers. In 1979 The News Corporation Limited ("News Corporation") was incorporated in Australia as the holding company for these global investments. News Corporation was reincorporated in the US in 2004 where it is today listed on the NASDAQ with a secondary listing on the Australian Securities Exchange and a standard listing on the London Stock Exchange. Together with shares that I may be deemed to beneficially own through certain trusts, I have an approximate 40% voting interest in News Corporation.
- 7 News Corporation today is a diversified global media company employing approximately 48,000 people within operations in cable network programming, filmed entertainment, television, direct broadcast satellite television, publishing and other businesses. The activities of News Corporation are conducted principally in the USA, continental Europe, the UK, Australia, Asia and Latin America. As of 31 December 2011, News Corporation had total assets of approximately US\$60 billion, total annual revenues of approximately US\$34 billion and in excess of 260,000 shareholders, including many large pension funds. I attach at Exhibit KRM1 a list of News Corporation's principal businesses and their geographical location.
- 8 NI is a valued part of News Corporation's global business. As at 30 June 2011, approximately 8% of News Corporation's revenues were generated in the UK, of which approximately 60% were generated by NI. NI is the parent company of Times Newspapers Holdings Limited ("TNHL"), of which Times Newspapers Limited ("TNL") is a subsidiary. TNL publishes The Times and The Sunday Times. NI is also the parent company of News Group Newspapers Limited ("NGN") which publishes The Sun, and formerly published The News of the World, and of Times Literary Supplement Limited ("TLSL") which publishes the Times Literary Supplement. I attach at Exhibit KRM2 a simplified organisational chart that shows the relationship between News Corporation, NI and some of NI's subsidiary companies.
- 9 I welcome the Leveson Inquiry and am glad to have the opportunity to give written and oral evidence to the Inquiry. I respond below to the questions posed in the notice sent by the Inquiry under s.21 of the Inquiries Act 2005 (the "Notice"). The questions are wide ranging in scope and time period. I have done my best to respond fully to the Notice, in the 22 working days available in which I had to respond.

Historical Account of Commercial Interests

- (1) Please provide a historical account of all the commercial interests you have, have had, or have actively considered in the UK or any part of it. This should include (but is not limited to) Sky, BSkyB, your newspaper interests (including the new Sun on Sunday) and your interest in the education sector. Please include a relevant chronology detailing the exploration, acquisition and development of these interests. The chronology should include, in particular, details of the part played in this historical account by government decision-making, whether in relation to the general regulatory environment or specific decisions.**
- 10** I confirm that all of "my commercial interests" in the UK are through my holdings in News Corporation. As mentioned in paragraph 6 above, together with shares that I may be deemed to beneficially own through certain trusts, I have an approximate 40% voting interest in News Corporation.
- 11** I attach at Exhibit KRM3 a chronology of News Corporation's UK investments (excluding BSkyB). Through companies owned or controlled in whole or in part by News Corporation, I have been doing business in the UK for 43 years. I no longer recall all of the details and no longer retain all of the documents concerning many of the historic transactions; the chronology represents my best efforts in the limited time available and includes a substantial amount of information sourced other than from my own personal knowledge. The chronology only sets out corporate transactions and, whilst I have attempted to include all press related product launches, the chronology is not an exhaustive list of all organic growth across News Corporation's UK investments.
- 12** I have included within the chronology the acquisition and disposal of investments in the UK which News Corporation has held but no longer holds. In relation to investments in the UK which I have actively considered, I include only those investments where a public bid was made. News Corporation has from time to time evaluated many opportunities that have come up in the media market but I understand the Inquiry does not intend to trespass on commercially confidential information and in any event it would be impractical to seek to list every business opportunity we have ever considered.
- 13** It is clear from the chronology that News Corporation currently has and has owned a number of UK based investments. It would be impractical in the time available to describe the exploration, acquisition and development process for each of these investments. I have explained in general terms my approach to making investments in answer to Question (6). With regards to the part played by government decision-making, I have noted within the chronology those acquisitions which required UK government approval to the extent it has been possible to confirm this. By way of example of such an acquisition, in response to Questions (2) and (3) below, I have set out an account of the acquisition of The Times and The Sunday Times. The chronology does not reflect those acquisitions

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which required approval at EU level or by governments other than the UK government, as this appears to fall outside the scope of Question (1).

14 As regards the other specific interests identified in Question (1):

- (a) I have included in the chronology reference to all of News Corporation's newspaper interests in the UK. I should clarify that the Sunday edition of The Sun is not a new title; it is an extension to the publishing of The Sun newspaper. On 26 February 2012, The Sun began publishing seven days a week.
- (b) News Corporation's investments in the UK education sector are included in the chronology. News Corporation owned three education trade publications, namely the Times Higher Education Supplement, Times Educational Supplement and Nursery World magazine, until their disposal in 2005. News Corporation owned World Wide Learning, a company set up in 1999 to provide web-based, distance learning (predominantly professional training to the Chinese market); it was closed in 2004. News Corporation owns HarperCollins UK (formed as a result of the acquisition, in 1990, of William Collins & Sons) whose businesses include Collins Education, which sells teaching and learning resources from Early Years to A-Level.

15 I have included a separate chronology (at Exhibit KRM4) covering the founding and development of Sky and subsequently British Sky Broadcasting Group plc ("BSkyB"). News Corporation has been a major shareholder in what is now BSKyB for over twenty years and owns 39.1% of BSKyB's issued share capital (although its voting rights are capped contractually at 37.19%). BSKyB is a publicly listed company with a board, the members of which are elected by shareholders. Whilst News Corporation does not have the right to appoint directors to the Board of BSKyB, News Corporation executives occupy 4 of the 14 seats on the Board; the majority of seats are occupied by independent non-executive directors. The chronology of BSKyB's corporate transactions in the UK has been compiled using publicly available information as News Corporation does not have access to BSKyB's internal records.

- (2) **To assist in providing a historical perspective, the Inquiry is particularly interested in the process by which News International acquired The Times and The Sunday Times in 1981, and the part played in that process by government decision-making. Please set out the process involved in obtaining clearance for the purchase, what undertakings your company gave in return, and an account of the discussions which led to those undertakings being given and accepted.**
- (3) **Woodrow Wyatt's diaries record: "I had all the rules bent for [Rupert Murdoch] over the Sunday Times and The Times when he bought them ... Through Margaret [Thatcher] I got it arranged that the deal didn't go to the Monopolies and Mergers**

Commission which almost certainly would have blocked it.” Does this accord with your understanding of the events leading to the purchase of the Times and Sunday Times? If not, what is your account? Specifically, please confirm whether you sought or received any assistance from Woodrow Wyatt or from any other political figures to avoid a reference to the Monopolies and Mergers Commission.

- 16** I did not ask anyone to “ben[d]” any “rules” on my behalf. Based on my recollection and the documents I have seen, neither Mr Wyatt nor I played a role in the Government’s decision not to refer our bid to the Monopolies and Mergers Commission.
- 17** At the time of our proposed acquisition, The Times and The Sunday Times, collectively, were suffering significant losses. At the time, both titles were published by TNL. TNL was majority owned by TNHL which was wholly owned by The Thomson Organisation Limited which was in turn a subsidiary of Thomson British Holdings Limited (I refer here to both Thomson companies as “Thomson”). In October 1980, Thomson announced that the titles would be closed unless sold to a new owner by March 1981. The closure of two such important titles would have been a blow to the diversity and vibrancy of the British press. My recollection is that Thomson was motivated to sell the titles rather than close them, and to do so on a tight schedule, in order to avoid making very substantial redundancy and other payments.
- 18** Thomson looked for buyers, and NI (among other companies) made a bid in late December 1980. I recall that the unions favoured our bid, perhaps based on their experience with The Sun. By the time we entered serious discussions with Thomson, my recollection is that we had been identified as the buyer most likely to keep the titles in business and to preserve the most jobs. It appears from a memo dated 16 January 1981 from Sir Denis Hamilton to the directors of Thomson that NI’s bid was, by that time, unanimously preferred by him and the two then Editors. The memo explains the reasons for that preference (Exhibit KRM5).
- 19** We negotiated certain undertakings with the sellers, and certain conditions were imposed upon the transaction, relating to editorial independence. I exhibit at Exhibit KRM6 a press release dated 22 January 1981 issued by TNHL which refers to a series of specific formal undertakings given on 21 January 1981 by me to the Editorial Vetting Committee of Times Newspapers, consisting of the then Chairman of TNHL, three of the four then existing Independent National Directors and both of the then Editors. Although I do not recall that meeting today, thirty one years later, the minutes reflect that I was told that I had been identified by the Chairman of the meeting, Sir Denis Hamilton, as the most suitable bidder out of the seven who had expressed an interest in the titles (Exhibit KRM7). The press release of 22 January 1981 reflects the undertakings we agreed upon. According to that press release, I agreed:

- (a) To preserve and enhance the existing system of Independent National Directors, which was already in place under Thomson's ownership;
 - (b) To the appointment or removal of Editors of both titles, and any future sale of either title, being subject to approval by a majority of the Independent National Directors;
 - (c) To maintain the editorial independence of the titles, including maintaining the Editors' independence and authority over the appointment and control of staff and over the political stance of the newspapers.
- 20 NI agreed that those undertakings would be incorporated into the Articles of Association of TNHL and TNL, which I exhibit at Exhibit KRM8. This became a condition of the Government's consent to the transaction, which was required under the Fair Trading Act 1973.
- 21 On 23 January 1981 an application for such consent was made by Thomson (Exhibit KRM9). Attached to the letter dated 23 January 1981 was a detailed memo setting out, among other things, the reasons why the directors of Thomson had concluded that neither of the titles was economic as a going concern. I believe Thomson and their advisers were responsible for presenting material in support of that application, including information about the financial condition of the titles. A letter dated 26 January 1981 from Thomson to the then Secretary of State for Trade, John Biffen, set out the reasons why both Thomson and NI were interested in expediting the transaction (Exhibit KRM10).
- 22 The Government gave its consent in late January 1981, without a referral to the Monopolies and Mergers Commission. I exhibit at Exhibit KRM11 a decision of the Secretary of State for Trade, John Biffen, dated 27 January 1981. I do not currently recall seeing this document at the time, but note that it records that The Secretary of State had received an application for his consent to the transfer of The Times and The Sunday Times to NI, and was satisfied that neither title was economic as a going concern and as a separate newspaper, and that the case was one of urgency. I understand that, in such circumstances, the Fair Trading Act 1973 permitted the Secretary of State to give his consent to a transfer to an existing newspaper proprietor without a reference to the Monopolies and Mergers Commission.
- 23 I understand that the Secretary of State's decision was the subject of a debate in the House of Commons on 27 January 1981, in which he was questioned about and explained his reasons. This debate is recorded in Hansard (Exhibit KRM12). The Secretary of State's reasoning was also set out in a letter dated 3 February 1981 from him to the Labour MP John Smith (Exhibit KRM13).
- 24 I do not now recall meeting with Mrs Thatcher at this time, or discussing the acquisition. I have been told that documents recently released from official archives show that I met with Mrs Thatcher on 4 January 1981. I exhibit at Exhibit KRM14 and Exhibit KRM15 a detailed

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memo dated 5 January 1981 from Bernard Ingham to Mrs Thatcher recording "the salient points of your lunch yesterday with Rupert Murdoch" and a letter dated 15 January 1981 from me to Mrs Thatcher acknowledging her kindness in welcoming me to Chequers ten days before. It appears from these documents that I met with Mrs Thatcher on 4 January 1981, that we discussed political developments in Australia and the United States, and that I briefed her on NI's bid for the titles. The documents do not suggest that I asked her for any favours and I would not have done so. The note confirms that there was no discussion of the issue of referral to the Monopolies and Mergers Commission.

- 25** I do not now recall meeting with Mr Biffen or any other member of Government to discuss this issue. However, I understand that the matter was discussed at a Cabinet committee meeting on 26 January 1981, at which both Mrs Thatcher and Mr Biffen were present; I exhibit the minutes of that meeting (Exhibit KRM16). The Cabinet minutes appear to reflect a discussion between myself and Mr Biffen on 26 January 1981. The Cabinet minutes record that I made clear to Mr Biffen that I did not object to a reference to the Monopolies and Mergers Commission. The minutes also make clear that it was Thomson's insistence that it would not extend the deadline and the risks of further deterioration of the commercial position of the titles that led the Cabinet to conclude that a referral should not be made.
- 26** There were discussions between NI and the unions and a group of journalists about the bid:
- (a) The unions negotiated with NI representatives about matters such as redundancies and where the titles would be printed, in the event that the transaction proceeded. The unions favoured a purchase by NI.
 - (b) A number of journalists at The Times applied to judicially review the Secretary of State's decision, arguing that there should have been a referral to the Monopolies and Mergers Commission. I believe that I may have met with this group on 6 February 1981 and offered certain concessions in order to meet their concerns. The application was ultimately dropped. The journalists appear to have favoured NI's proprietorship over the other possible options.
- 27** Woodrow Wyatt's account of the events leading to the purchase of The Times and The Sunday Times is not correct. I did not ask anyone, let alone then-Prime Minister Thatcher, to "ben[d]" any "rules" on my behalf. Further, I did not seek or receive assistance from Mr Wyatt or any other political figure to "avoid a reference to the Monopolies and Mergers Commission".
- 28** The quote from Woodrow Wyatt's diaries set out in Question (3) appears to be taken from a diary entry dated 1 December 1995 (published in The Journals of Woodrow Wyatt,

Volume III). I note that the diary entry itself is not contemporaneous with the acquisition in 1981.

- 29 The diary entry begins by referring to a telephone call from Philip Hall, then editor of the News of the World, for which Mr Wyatt (by then a former MP) was a columnist under the headline "The Voice of Reason". Mr Hall is said to have informed Mr Wyatt that his column would in future be published fortnightly, rather than weekly. I recall that Mr Hall did not think highly of the column. Mr Wyatt was apparently angry at me for not recognising his contributions and not convincing Mr Hall to run the column more frequently. Mr Wyatt went on to make various unflattering remarks about me. It appears that the words quoted in Question (3) were written some 14 years after the relevant event, against a background of discontent at an unwelcome decision.
- (4) **The Inquiry is also particularly interested in the detail of the process by which News Corporation sought to expand its holding in BSkyB in 2010, and the part played in that process by government decision-making. Please provide copies of all relevant documentation, including any notes of meetings, relating to this process. That documentation should in particular include copies of all formal and informal representations made on your behalf to the government.**
- 30 My son James played a more significant role than I in pursuing this proposal to make an offer, and his answer to a similar question may be more illuminating than mine. My focus was on the issue of price. I thought the issue of control was non-controversial because in another context, Ofcom had already ruled that News Corporation controlled BSkyB. In any case, I am now aware that the consideration of this proposal to make an offer was complex and involved multiple representations, formal and informal, to government officials and I was not personally involved in this process. Notwithstanding this, materials responsive to the Inquiry's documentary request have been gathered, as set out below, in order to comply with this request to the best of my ability in the time available. I have not reviewed these materials and I expect that James will be better placed to answer questions about them.
- 31 I understand that News Corporation's legal advisers on the proposal to make an offer, Allen & Overy LLP, have provided copies of documents evidencing all material representations made of which they hold copies on their files (see Exhibit KRM17). Further explanation of what material they have provided is set out in the index to the files in this exhibit. In parallel, in the time available, I understand that Linklaters LLP ("Linklaters") has undertaken electronic searches of the emails of an individual within News Corporation's Public Affairs team who was centrally involved in the proposal to make an offer in an effort to identify emails which evidence representations made to the government, other politicians and their advisers on this subject. Copies of these emails, together with an explanation of the material appear at Exhibit KRM18.

32 Questions (4)(a) – (d) ask about discussions involving “you or your representatives”. In my answers to these questions (set out below):

- (a) As regards discussions involving me personally, I have relied upon my own calendars and other records, as well as my recollection.
- (b) As regards discussions involving “my representatives”, no one representing me personally had any relevant discussions.
- (c) For completeness, I have included in my answers below discussions involving representatives of News Corporation; in giving such answers I have relied upon information provided by employees of News Corporation. A list of relevant discussions between representatives of News Corporation and politicians and their advisers are set out in Exhibit KRM19. The email search conducted by Linklaters referred to in paragraph 31 above has produced emails evidencing discussions with politicians and their advisers and these are included in Exhibit KRM18.

(4)(a) Did you or your representatives at any stage discuss, or seek to discuss, the BSKyB bid with the Prime Minister or the Chancellor of the Exchequer? If so, please give full details of these exchanges. In particular, was the BSKyB bid discussed when you met with the Chancellor of the Exchequer in December 2010?

33 I neither sought to discuss nor did I discuss the BSKyB proposal to make an offer with the Prime Minister or the Chancellor of the Exchequer.

34 I met with Mr Cameron in May and July 2010 (as set out in Exhibit KRM27, which is described more fully in paragraph 86 below). I have no recollection of discussing BSKyB with Mr. Cameron. In any event I am certain that I did not ask him for any regulatory favours.

35 I did meet Mr Osborne in December 2010, as the question indicates, but I do not recall discussing the BSKyB proposal to make an offer with him. I am certain that I did not ask him for any regulatory favours either.

36 As regards any discussions between other representatives of News Corporation and either Mr Cameron or Mr Osborne, I refer to Exhibit KRM19.

(4)(b) Did you or your representatives at any stage discuss, or seek to discuss, this bid with the Secretary of State for Business, Innovation and Skills, Vince Cable? If so, please give full details.

37 To the best of my recollection, I neither sought to discuss nor did I discuss the BSKyB proposal to make an offer with Vince Cable. In fact, I do not currently recall meeting Mr Cable. It is possible that Mr Cable, like dozens of others (and not just politicians), was a guest at a News Corporation summer party and that I or someone else made a passing reference to BSKyB in his presence, but I have no recollection of even that. I am confident

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that I had no substantive conversation with him on the subject. As regards any such discussions involving representatives of News Corporation, I refer to Exhibit KRM18 and Exhibit KRM19.

(4)(c) Did you or your representatives at any stage discuss, or seek to discuss, this bid with the Secretary of State for Culture, Media and Sport, Jeremy Hunt, his junior Ministers or political advisers? If so, please give full details.

38 To the best of my recollection, I neither sought to discuss nor did I discuss the BSKyB proposal to make an offer with Jeremy Hunt, his junior ministers or political advisers. As regards any such discussions involving other representatives of News Corporation, I refer to Exhibit KRM18 and Exhibit KRM19.

(4)(d) Did you or your representatives at any stage discuss, or seek to discuss, this bid with any other government minister? If so, please give full details. In particular, was the BSKyB bid discussed when you met the Education Secretary Michael Gove in October 2010 and January 2011?

39 To the best of my recollection, I neither sought to discuss nor did I discuss the BSKyB proposal to make an offer with any other government ministers, including Mr Gove. As regards any such discussions involving other representatives of News Corporation, I refer to Exhibit KRM19.

40 I did meet with Mr Gove in October 2010 and January 2011, as the question indicates, but I did not discuss the BSKyB proposal to make an offer with him.

Please in particular confirm whether you sought or received any assurances from any representative of the government about whether the bid would be referred to the Competition Commission.

Please explain why the bid was eventually withdrawn.

41 No. I neither sought nor received any assurances from any representative of the government about whether the proposal to make an offer would be referred to the Competition Commission.

42 On 13 July 2011, News Corporation announced that it no longer intended to make an offer for the shares of BSKyB not already owned by it. The decision was taken in the context of the phone hacking scandal and the closure, on 10 July 2011, of the News of the World.

43 On 13 July 2011, Chase Carey (Deputy Chairman, President and COO of News Corporation) said "We believed that the proposed acquisition of BSKyB by News Corporation would benefit both companies but it has become clear that it is too difficult to progress in this climate. News Corporation remains a committed long-term shareholder in BSKyB. We are proud of the success it has achieved and our contribution to it." On 15 July 2011, my son James said of the withdrawal "This is a strong signal that our top priority in

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the UK is to address the issues facing News International". I endorse the remarks of both Mr Carey and my son James.

- (5) **The Inquiry is also particularly interested in the detail of the process by which you have explored or developed interests in the UK education sector, including but not limited to any interest in the establishment of one or more free schools - and the part played in that process by government decision-making. Please provide copies of all relevant documentation, including notes of any relevant meetings, relating to this process. That documentation should in particular include copies of all formal and informal representations made on your behalf to the government. It should also include a full account of all interactions relevant to this process with Education Secretary Michael Gove, whether before or since his appointment to that office, and all other interactions with members of the current government.**
- 44 Question (5) implies that we may be developing business interests in the UK education sector. Under the direction of Joel Klein, News Corporation has launched a business designed to bring the advantages of technology to the classroom. Our focus to date has been exclusively in the United States. Accordingly, to date there has been no exploration or development of such interests in the UK, and I believe that the "process" contemplated by Question (5) has not taken place.
- 45 News Corporation's very limited commercial interests in the UK education sector, present and historic, are included in the chronology at Exhibit KRM3 and are explained at paragraph 14(b) above.
- 46 I have some limited charitable interests within the UK education sector, as does NI. The most significant of these to me is the chair at Oxford University. Other examples of these interests are set out in Exhibit KRM20.
- 47 A further charitable interest, which was explored but never crystallised, was an NI project to support a school. I endorsed NI's efforts in this regard, but I was not familiar with the details.
- 48 In 2010 NI showed an interest in supporting the running costs of a new Academy School to be built in Newham, East London. Attached as Exhibit KRM21 are copies of documents taken from the records of the Corporate Affairs team at NI reflecting NI's involvement in this project. As reflected in these documents, NI representatives attended various meetings with the London Development Agency, with the local authorities, and with the Department for Education, on dates including 22 July 2010, 29 October 2010 and 23 November 2010. A brief visit to the potential site of the Academy, attended by Boris Johnson and Michael Gove, took place on 30 November 2010. NI's objective was to create a lasting legacy in East London, through an Academy School with a focus on media and technology. The project also required government funding; lack of government funding

was the reason the project fell through in January 2011. It may be that the topic was raised during a dinner with Michael Gove on 26 January 2011 (to which I refer below), but I cannot recall.

- 49 I have also recently been told that in May 2011 a representative of NI exchanged emails with two members of staff at the Department for Education, enquiring about whether (given the collapse of the Academy School project) NI might consider going down the route of applying to set up a Free School and what the deadline would be for such an application. Attached as Exhibit KRM22 are copies of these exchanges. I understand that the idea was not progressed any further. I believe that we had planned to discuss NI's interest in supporting a school with Mr Gove at a breakfast meeting in May 2011 (to which I refer below) but do not recall if we reached that topic.
- 50 I am asked about my interactions with Mr Gove. Mr Gove had a distinguished record as a senior Times journalist. More recently, our interactions have centred on my interest in education reform.
- 51 In every part of life other than education, someone who woke up from a 50 year nap would not recognise the world around him. Whether in medicine or finance or news, the digital revolution has transformed our world – but not in education. Today's classroom is the last holdout from the digital revolution, and it looks much the same as it did in the Victorian age. The future belongs to those nations that best develop their human capital. I fear that the United States and the United Kingdom are lagging behind in this effort.
- 52 In January 2011, Joel Klein, former Assistant Attorney General of the United States and later Chancellor of the New York City Schools joined News Corporation to lead an education division that would help to spark technological change by bringing new and sophisticated instruction products to the US market. Our first action was to acquire Wireless Generation, a brilliant but small education company in the United States and quickly double its size..
- 53 As for individual meetings with Mr. Gove:
- (a) I have been reminded about a dinner with Mr Gove in May 2010, of which I have no present recollection.
 - (b) In January 2011, Mr Klein came to London to speak at a conference with Mr Gove on education reform (an invitation extended whilst he was Chancellor of the New York City Schools). I invited both of them and others (including Lord Adonis, a former Parliamentary Under-Secretary of State for Schools and Learners and member of the Labour Party) to my home for dinner, where we discussed our shared interest in the subject. I believe that the dinner took place on 26 January 2011.

- (c) In May 2011, I had a breakfast meeting with Mr Gove which was devoted to education reform.
- (d) On 28 June 2011, Mr Klein, Mr Gove and others dined at my house, where we had discussions on multiple subjects, including education.

Business Model

(6) Please set out your aims, objectives, philosophy and practice in the way in which your business interests in the UK are acquired and run. You should in particular give a full explanation of the governance structures of your UK operations, including details of (financial, legal and other) risk management systems, the powers and accountabilities within your senior staff structures, insofar as this has not already been submitted to the inquiry by News International. The inquiry is also interested in your personal approach to leadership; please explain how you communicate your personal vision, commercial and ethical expectations, employment practices and cultural values within your organisations.

54 It is difficult to generalize about my "aims, objectives, philosophy and practice" in the pursuit of investments and the management of all of News Corporation's interests in the UK, given that we have had business interests in the UK for almost half a century. Nevertheless, there have been some consistent elements to our work here.

55 First, there is an intuitive aspect to our pursuit of investment opportunities. For example, neither The Sun, The Times, The Sunday Times nor BSkyB were successful when we invested in them. Just two months ago, in the face of recommendations from some that News Corporation should abandon the newspaper business in the UK, we launched the Sunday edition of The Sun. News Corporation has put at risk financial and human capital, often in businesses whose prospects were anything but bright, because we believed that investment and hard work would help those businesses best serve their customers, eventually earn a profit, provide lasting employment in the community, enhance consumer choice and contribute to vigorous national debate.

56 Second, News Corporation's approach has been that of a long-term investor. Many of our investments required ongoing support for years because they were unprofitable. News Corporation's satellite television business in the UK lost money for years before it became successful. As has been publicly reported, our support of BSkyB (which at one point amounted to over £11 million per week), coupled with tightening credit markets, put such serious financial strains on News Corporation in the early 1990s that there was a danger of losing the entire company. Nevertheless, News Corporation believed in offering viewers a choice, and continued to invest in the business until it became successful. Those were investments and risks that others chose not to take. I am proud that those businesses and

those 17,000 jobs at BSkyB alone exist today in part because of News Corporation's long-term vision, and of course the hard work of the men and women who worked with us.

- 57 Third, we have approached our business with recognition of only one certainty: we can never be sure where our industry will end up. Technology is going to continue to destroy the old ways and assumptions of doing business, especially in media. But News Corporation looks upon each improvement in technology as opening up more opportunities for providing access to news, education and entertainment; to become more relevant to our customers. It is a daunting challenge, but one that we welcome.
- 58 Fourth, News Corporation has tried at all times to pursue the goals of freedom of speech, freedom of thought and freedom of markets.
- 59 Finally, I believe that businesses will run best if managed locally, by talented men and women free from over-regulation either by government or by corporate managers living on other continents. Accordingly, I have favoured de-centralised, entrepreneurial approaches to management of News Corporation's business interests in the UK, and tried to provide these businesses with the autonomy necessary to help them flourish and promote British influence. I do receive weekly financial reports.
- 60 That is not to say that I am indifferent to how local businesses are operated. News Corporation has adopted and promulgated Codes of Business Conduct, and updated those codes, over the years. The experience of the last year has certainly affected my view about the degree of control appropriate in management of these businesses, and led the group to make various changes in the risk management, internal controls and corporate governance structures at both NI and News Corporation. I believe that the changes at NI have been previously disclosed to this Inquiry, including in the witness statements of Tom Mockridge and Susan Panuccio, which I endorse. News Corporation itself is in the process of strengthening its compliance and risk management functions world-wide.
- 61 Consistent with my responsibilities to the rest of News Corporation, I have always tried to convey my expectations and values to key individuals in News Corporation's UK businesses. I also communicate directly to those in the newsrooms at NI and this has become all the more important over the last nine months. By way of example, I exhibit at Exhibit KRM23 the following recent communications:
- (a) An email dated 19 July 2011 from me to all staff of News Corporation companies. In that email, I referred to my appearance with my son James before the Select Committee. I said that I was shocked and appalled by the recent allegations about the News of The World, and I explained what steps were being taken to address the past and ensure serious problems never happen again. I concluded "We are determined to put things right."

(b) An email dated 17 February 2012 from me to all staff at The Sun. In that email, I praise the staff for their exceptional journalism, I express my commercial commitment by referring to plans immediately to launch the Sunday edition of The Sun, and I make clear that we will obey the law.

(7) Please also explain the governance relationship between yourself and your son James. Does this take the form of informal or formal arrangements?

62 I am not entirely clear what the Inquiry means by the "governance relationship" between me and my son James, but I can offer the following.

63 James is both my son and a valued employee of News Corporation. As to family and personal matters, we offer each other love and support. As to business matters, I have always tried to ensure that James is governed by the same elements as any other executive. He has a formal reporting line, as does any other News Corporation executive. He did not and does not report to me.

64 During his service as CEO of BSkyB, James reported to the BSkyB board and resigned from the News Corporation board. He did from time to time report to the News Corporation Board on developments at BSkyB, as News Corporation was its largest shareholder.

65 When James left his CEO role at BSkyB and became CEO, Europe and Asia of News Corporation, James reported to the President and Chief Operating Officer of News Corporation and took on new responsibilities for News Corporation's Europe and Asia businesses. At the same time, James assumed the position of Executive Chairman of NI after Les Hinton left NI to become CEO of Dow Jones. James also became Chairman at BSkyB, a position from which he resigned on 2 April 2012. He remains a non-executive Director of BSkyB.

66 In his current role as Deputy Chief Operating Officer at News Corporation, and Chairman and CEO, International, of News Corporation, James continues to report to the President and Chief Operating Officer of News Corporation (Chase Carey).

(8) The Inquiry is particularly interested to understand your view of your responsibilities for the part your media interests can and should play as aspects of a free press within the UK democratic system. In what way do you consider your organisations to have responsibilities for, and to contribute to, the public interest in freedom of expression, and in promoting public political accountability in the UK? Please give examples. Are you aware of any possible tensions between your commercial interests and the public interest in this respect? If so, how are they resolved in your mind and managed in practice?

67 I believe that News Corporation's media interests in the UK play a vital role in our democracy. I cannot overstate this. Our media interests bear a responsibility to their

audience to be their eyes and ears on matters of concern; to question and where appropriate to criticise elected officials and others who attract public interest; to voice opinions for public consideration and debate; to promote public accountability; and to practise and protect free expression.

- 68 I believe that good journalism is good business, because the public has a good idea of what is of interest and importance to them, and will reward the media when it finds and reports a compelling story. In addition, it is precisely because newspapers make profits and do not depend on the government for their livelihood that they have the resources to hold the government accountable. That does not mean that I judge every title and issue strictly by its commercial appeal – indeed, we have owned and still operate media properties that are not profitable. But our touchstone is and must remain service to our audience, delivering quality journalism while following the highest ethical standards.
- 69 NI titles regularly publish articles which strongly promote public political accountability in the UK. I refer below to some examples of such articles (copies of which are exhibited at Exhibit KRM24:
- (a) On 25 March 2012, The Sunday Times published an article on its front page under the headline "Tory treasurer charges £250,000 to meet PM". That article reported on an investigation by The Sunday Times into the activities of Peter Cruddas, a Conservative party fundraiser, who told undercover reporters that large donations to the party could be used as a means of gaining access to the Prime Minister and as a means of influencing Downing Street policy.
 - (b) On 20 January 2012, The Sun published an article under the headline "Nazi killer found by Sun faces jail". Klaas Faber, a Nazi war criminal who, as a member of the SS shot at least 47 Jews and resistance fighters in a concentration camp, was jailed for life in 1947. He escaped in 1952 but was recently traced by The Sun and re-arrested. A Dutch court will now decide whether he should be jailed for life.
 - (c) On 5 January 2011, The Times published an article under the headline "Revealed: conspiracy of silence on UK sex gangs". That article reported on an investigation by The Times which revealed a pattern of abuse by gangs of largely Pakistani men who lured vulnerable white girls aged between 11 and 16 with drink and cigarettes for sexual exploitation in the UK. The reporting blew apart a conspiracy of silence over such gangs and their activities.
 - (d) On 23 May 2010, the News of The World published an article under the headline "Cash for access: desperate Fergie lies to make money out of Prince". Undercover reporters posed as business tycoons to reveal Sarah Ferguson brokering a £500,000 deal to sell access to her ex-husband, Prince Andrew, the UK's then special representative for International Trade and Investment.

70 In addition, NI titles have launched campaigns on matters of public interest that engaged our readers as well as public officials, including:

- (a) **Sarah's Law / Anti-paedophile Campaign:** The News of the World "Sarah's Law" campaign inspired the introduction of 15 new pieces of legislation, including the crucial right of parents to obtain information about paedophiles living in their area. The News of the World joined forces with Sara Payne after her daughter was murdered by convicted child molester Roy Whiting in 2000. The campaign resulted in immediate action to tighten up the supervision of sex offenders.
- (b) **7/7 Compensation:** The News of the World "What About The Victims?" campaign fought to win compensation for the badly injured survivors of the 7/7 atrocity. A News of the World exclusive revealed that three months after the suicide bomb attacks of July 2005, hundreds of survivors and many relatives of the 52 people killed were being forced to rely on charity hand-outs. This resulted in the Criminal Injuries Compensation Authority being ordered to lift a cap on compensation payments.
- (c) **Toys For Our Boys:** The News of the World "Toys For Our Boys" campaign delivered toys to the children of every serviceman and woman in Afghanistan in Christmas 2009. Toys For Our Boys gave each child a sack of presents worth £25, distributing a total of 6,000 presents across the country. The campaign's truck covered more than 2,000 miles to reach 32 distribution points across the country and the campaign teamed up with Tesco and HarperCollins to ensure there was a book in every sack.
- (d) **Help for Heroes:** Help for Heroes - a charity established to help wounded soldiers returning from Afghanistan - was launched in The Sun on 29 October 2007 with the aim of raising £5 million. Within the first three months, The Sun published 182 supporting articles. The Sun's continued support of Help for Heroes has played a key role in influencing public attitude and engendering a sense of support for "our boys". To date the charity has raised £122 million.
- (e) **Baby P:** Extensive coverage in The Sun was instrumental in gaining justice for the tragic life and death of murdered baby Peter Connelly. The Sun detailed the neglect and abuse suffered by Baby P and highlighted the failings of professionals who were meant to protect him. As a result, a horrified nation demanded answers which led to three enquiries and, in an unprecedented move, the sacking of Haringey Council's Head of Children Social Services Sharon Shoesmith.

71 I do not believe that my commercial interests conflict with the public interest in free expression. My perception is that the free expression of NI titles is uninhibited by NI or News Corporation's commercial interests. I refer to two examples. First, when The Sun

announced its support for the Labour Party before the 1997 General Election, its circulation suffered. This commercial impact was not unexpected, but it did not inhibit The Sun's freedom to express itself. Secondly, when the phone hacking allegations broke in 2011 and NI itself became the subject of legitimate public interest reporting, our titles covered the stories extensively and served their audience. That is as it should be.

- (9) **The Inquiry also wishes to understand specifically your approach to editorial governance in your various press interests. Please describe your relationship as proprietor to the processes of appointing and removing editorial staff, and the nature of your working relationship with your editors during the currency of their tenure. How often do you meet with or speak to your editorial staff, and for what purpose? How far do you indicate, and manage, the limits of editorial staff self-determination? Your answer should cover both the general approach, cultural expectations, brand definition, and any specifics of editorial content. It should in particular address the issue of the allegiance of your titles to the prospects or policies of specific political parties - including but not limited to the part played by editorial stance during and in the run-up to democratic elections within the UK, and the expression of opinion by your titles about the appointment and performance of individual government ministers. There are undertakings in place in respect of the editorial independence of The Times and The Sunday Times - does this lead to a different relationship with the editors of those titles compared to the other News International titles?**

72 As I understand the Inquiry has been told by editors of The Sun, The Times and The Sunday Times, there is great variation in my degree of contact and involvement with these titles – not just amongst the titles, but over time. This is not only because of undertakings made in conjunction with the acquisition of The Times and The Sunday Times, but because of the varying needs of the titles for my attention as circumstances warrant. While I have great affection for and interest in newspapers, I have responsibilities to a global media organisation with approximately 48,000 employees. News Corporation owns, among other things, a major film studio, the most popular US television network, other cable channels and a large number of newspapers, including 150 (counting free suburban papers) in Australia alone. There are times when I simply cannot devote significant attention to NI's titles.

73 Over the last 30 years, I did not involve myself much with the News of the World. I would on occasion (depending upon where I was located and other commitments) call the editor on a Saturday to inquire about whether there were any good stories for page one. I would see staff very occasionally when I was in London. The News of the World's brand definition was fairly consistent over the last 30 years. I would consult with others at NI

about the hiring of editors, although I do not now recall any controversies about the appointment of an editor at the News of the World.

- 74 I spoke much more frequently with the editor of The Sun than with the editor of the News of the World. On rare occasions I would speak to the editor of The Sun every day, on some occasions not for a few weeks. Particularly when I was in London, I would take an interest in the paper and its editorial content. As with the News of the World, I would participate in discussions about who should serve as editor of the Sun, and whether a particular editor was effective, although those events were typically years apart (as most editors were long-serving).
- 75 With respect to the News of the World and The Sun, when it comes to political endorsements, I do not believe that I have dictated an editorial stance or interfered with the work of our editors. But I have, over the years, discussed the editorial stance of the paper with the editor, participated actively in discussions about editorial matters and who should receive political endorsements, and occasionally offered my views about the performance of editors. I did not involve myself in or ask about newsgathering techniques at The Sun or the News of the World.
- 76 On editorial matters, I observed the limitations imposed by the undertakings given by NI with respect to both The Times and The Sunday Times. I would call the editor of the Sunday Times when I could on Saturday and ask about major stories. With respect to The Times, I did on occasion comment on the length of stories and the appearance of the newspapers, but I did not delve into editorial stance on either The Times or The Sunday Times. I did from time to time voice opinions about the effectiveness of a particular editor at The Times and The Sunday Times. For example, based on comments made by staff, including threats by many to quit, I concluded that one editor of The Times was creating a chaotic working environment and should no longer serve. However, any nominations I made and any terminations I proposed were subject to the decision of the independent board (whose members were consulted in the case of the one editor who I thought was an ineffective manager). At no time did I recommend a change in editors at The Times or The Sunday Times based on the editorial stance of the title.
- 77 The Times and The Sunday Times both serve different audiences to The Sun and the News of the World. This was true when they were acquired and remains true, and I have made no effort to change that. I attach as Exhibit KRM25 an account by a former Times columnist, Alice Miles, who wrote that she was "barely aware" of my "existence. He never sought to influence a single article I ran on those pages. Occasionally one would hear that he was tickled by something; but never that he was angered. I once heard that he was particularly pleased with an article by John le Carré. The column argued against the invasion of Iraq in 2003 and its headline ran, "The United States of America has gone mad". As Ms Miles observed, I was in fact pleased when The Times published well written

and thought provoking articles, even when they reflected a political stance with which I personally disagreed. In the 2005 election, while The Times (and The Sun) supported Labour, The Sunday Times supported the Conservative Party. Another example of our titles' varying stances is reflected in the NI publications' range of opinions on independence for Scotland. Those are detailed below.

- (10) **Paul Dacre claimed in his evidence to the Inquiry that Prime Minister Tony Blair could not have committed British troops to war in Iraq without the “implacable support” of your newspapers. Please give an account of your titles' support for the war in Iraq. To what extent was that stance supported or indicated by you personally, whether expressly or impliedly? In the eight days before the commencement of the Iraq war, you spoke to Prime Minister Tony Blair by telephone on three occasions: on 11 March 2003, 13 March, and 19 March. On each occasion, who arranged these phone calls? What was the nature of the conversations you had?**
- 78 Mr Dacre's speculation about the origins of the Iraq War is just that, speculation – if the question is whether Prime Minister Blair would have acted differently without the support of a particular newspaper, then that is a question best put to him.
- 79 I can say that, based on my assessment of the facts then known, I favoured the war. Although this was nine years ago, my recollection is that all of the Editors at NI's titles (and many of those at competitor newspapers) agreed with me. I am told that the following newspapers supported the war in Iraq in 2003, in addition to the titles published by NI: The Daily Telegraph; The Sunday Telegraph; The Observer; The Daily Express; The Sunday Express; The People (originally only with UN mandate); and the Daily Star.
- 80 As for the three telephone calls with the then Prime Minister, Tony Blair, in 2003, I cannot recall what I discussed with him now, nine years later, or indeed even if I spoke with him at all. I understand that published reports indicate that calls were placed by him to me¹. What I am sure about is that I would not in any telephone call have conveyed a secret message of support for the war; the NI titles' position on Iraq was a matter of public record before 11 March 2003. I exhibit at Exhibit KRM26 the following articles which illustrate the pro-war stance of The Sun and the News of The World before 11 March 2003:
- (a) Editorial in the News of The World published on 19 January 2003 under the headline “Time is running out” in reference to the work of the UN weapons inspectors, which concluded “But so long as the Butcher of Baghdad reigns, we cannot take a chance”.

¹ For example, an article published in the Daily Mail on 19 July 2007.

- (b) Editorial in The Sun published on 13 February 2003 under the headline "Brave Blair: The Sun does not waver in its support for Tony Blair and George Bush on Iraq".
- (c) Editorial in the News of The World published on 16 February 2003 which began "The Prime Minister confronted the peace demonstrators yesterday with Churchillian mastery. And he turned their case on its head".
- (d) Editorial in The Sun published on 27 February 2003 which concluded "If the UN allows Saddam to keep on playing his games, it loses all authority and credibility. Then who will keep world peace?"

Relationships with politicians

(11) The Inquiry would like to gain an understanding of your personal involvement with politicians over the period during which you have held commercial interests in the UK. How do you allocate your own personal time in this regard?

81 I have held commercial interests in the UK for 43 years. Based on the Inquiry's questions, it appears that my relationships with Prime Ministers Harold Wilson, Edward Heath and James Callaghan are of less interest to the Inquiry. In my answers below, I have focused on relationships with Prime Ministers since 1979.

82 Over the years, from time to time, I have met and spoken with a number of Prime Ministers. These meetings were typically initiated by the Prime Ministers themselves.

83 I have regarded these meetings as part of my work as a publisher, to understand government policy and leaders in order to serve our readers. I also am pleased to share with leaders of our government whatever our company has observed in its work and reporting around the world.

84 I cannot judge what may have motivated one or more political leaders to initiate contact with our company or with me, but I do not recall any specific Prime Minister expressly asking for the support of our newspapers. I do not doubt that political leaders reach out to publishers and editors to explain their policies as part of an effort to gain the support of our papers and ultimately our readers. I regard this as entirely appropriate. It allows our readers to be better informed, regardless whether our newspapers support the politicians or not.

85 As for how I "allocate my personal time," I do not believe that these meetings have taken up much of my time. In any case, as I indicate below, I regard this as part of my work as a leader of a global media organisation.

86 As requested below, lists of meetings held by me with Prime Ministers, Alex Salmond and Opposition Leaders are set out at Exhibits KRM27 to 29. The information contained in

these Exhibits has been compiled from calendars maintained by me and on my behalf by former and current assistants, both in the UK and in the US, spanning a 24 year period, as well as emails and hard copy records. This has involved a careful and complex reconciliation exercise, but it is obviously possible that there are meetings or calls listed which did not in the event take place; my calendars often contain references to names where I had hoped or expected to place a call or have a meeting but none took place, or it took place on a different date. Conversely it is possible that meetings and (very likely) calls which were convened at short notice were not recorded and are therefore not listed. Where noted in my records, I have sought to list other attendees at these meetings but my records may be incomplete in this respect as well.

(11)(a) Please describe the general nature of your personal relationship with successive UK Prime Ministers. How would you describe the similarities and differences in these relationships? What is the value of these relationships to you, and why is it important for you to meet personally or speak regularly with UK Prime Ministers? What is your understanding of the value of the relationship with you to them? To what extent is political support for any individual, party or policy discussed in such interactions?

87 As one might expect, my relationships with Prime Ministers varied with the individuals. I explain below the type of relationship I had with each Prime Minister since 1979 and attempt to answer the Inquiry's other questions in the context of each relationship.

(11)(b) Without prejudice to the generality of the previous question, please describe the nature of your personal relationship with Margaret Thatcher.

88 I had a respectful relationship with Margaret Thatcher. I can today recall being invited to tea at 10 Downing Street and to a lunch at Chequers when the Prime Minister of Australia was visiting. I do not today recall much about other meetings while she was serving as Prime Minister although I am aware that my calendars record others, which are set out in Exhibit KRM27.

89 My recollection is that, occasionally, Prime Minister Thatcher and I discussed politics and current events. She always claimed that she did not read any newspapers. I am confident that we did not discuss her government's regulation of our business interests.

90 As for the "value" to me of these meetings, my view is that if an editor or publisher is invited or otherwise has an opportunity to meet with a head of government or political leader, you go – in part out of respect, in part because as the eyes and ears of your readers, you may have the opportunity to become better informed about those whose policies and actions can shape the lives of all of us. As for the value to the politicians, while I have no memory of being expressly asked for political support, I have no doubt that politicians are always making their case for support to various newspapers. They no doubt

view editors and publishers of newspapers as a means to reach out to and gather support ultimately from the readership.

(11)(c) Please describe the nature of your personal relationship with John Major.

- 91 I did not have what I would characterise as a personal relationship with John Major. My records reflect that I did in fact meet with him on a few occasions (as set out in Exhibit KRM27), although not as frequently as with his predecessor or successors. Of these meetings, I recall only the dinner in 1997, which I believe was initiated by third parties. The dinner discussion included politics, policy and Britain's future. I am sure we must have discussed politics and policy when we met on other occasions, but I have no recollection of those meetings.

(11)(d) Please describe the nature of your personal relationship with Tony Blair.

In July 1995, Tony Blair (then Leader of the Opposition) travelled to Hayman Island to address the annual News Corporation conference. The following day, a message of support for Tony Blair appeared in The Sun, noting that Mr. Blair "has vision, he has purpose and he speaks our language on morality and family life". Did you meet Mr. Blair personally on Hayman Island on that occasion? What was discussed? Did Mr. Blair seek your support in the upcoming general election? Who drafted the editorial on that day, and what was your input into it?

- 92 I have long been impressed by Tony Blair. I enjoyed speaking with him before, during, and after he was in office and met frequently with him (meetings during his time as Leader of the Opposition and Prime Minister as reflected in my records are set out in Exhibits KRM27 and KRM29). I would say that the majority of these meetings were initiated by Tony Blair. He was interested in political and economic developments all over the world. Looking back at my correspondence, I believe the topics we discussed included issues such as street crime, health care policy, European integration, the single currency, integrated European defence, Islamic terrorism, Iraq and Afghanistan. Over the course of his tenure as Prime Minister, it appears that I met with him sometimes only one or two times per year and more frequently in other years. I regard him today as a personal friend. He is the godfather to my daughter Grace.
- 93 Mr Blair did not expressly request our support in 1995, 1997 or any other election, but he was a politician and I had no doubt that he would welcome the support of our newspapers and our readers.
- 94 Mr Blair did in fact travel to address the News Corporation conference on Hayman Island. I was his host. Other distinguished guests included the Australian Prime Minister and the leader of the Opposition in Australia. I distinctly recall Mr Blair's address at our conference on Hayman Island. He spoke convincingly about the ability of a new Labour Party to energise Britain. I do recall believing that Mr Blair and the policies he advocated could

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help revitalise Britain, and sharing that view with newspaper editors at the conference, who were also impressed by Mr Blair's speech.

- 95 As regards the article in The Sun referred to in Question (11)(d), I have been shown two editorials that followed the Hayman Island conference, one dated 17 July 1995 (Exhibit KRM30) and one dated 21 July 1995 (Exhibit KRM31). It appears that Question 11(d) refers to the second of these two editorials. I did not draft either of these editorials.
- 96 Having now reviewed the two editorials, I note that they are something short of an endorsement. The first article notes that "for all his fine words, doubts remain" and questions what Mr Blair will "do" as opposed to say. The second article asks if new Labour is just "a one-man band" and wonders if Mr Blair is strong enough to resist the forces of old Labour; it goes on "The Sun has already said it likes the look of Blair ... But what he hasn't told us is precisely HOW he would change Britain, WHAT it would cost and WHO would pay".
- 97 Mr Blair also addressed a News Corporation conference in California in 2006.
- (11)(e) In his book "Where Power Lies: Prime Ministers v. the Media", Lance Price suggests that, prior to the 1997 election, there was an understanding between you and Tony Blair that "If Murdoch were left to pursue his business interests in peace, he would give Labour a fair wind". Please comment on this.**

The Inquiry understands that in 1998 you were interested in buying a stake in the Italian media company, Mediaset. In an interview with The Times newspaper, you said that you had asked Prime Minister Tony Blair to contact Italian Prime Minister Romano Prodi in relation to your plans. Please explain in further detail what you asked Prime Minister Blair to do on your behalf and what the outcome of this request was.

- 98 I have not read Mr Price's book. Any suggestion that an agreement was reached with Mr Blair about trading editorial support for lax regulation of News Corporation is false. Mr Blair did speak about a new Labour Party approach to the economy generally: recognising the importance of free enterprise, reforming bureaucracy, and encouraging business generally to prosper. I thought those policies would serve everyone's interests. I did not reach any agreements with Mr Blair about any future government's regulation of our business interests. Indeed, Mr Blair established Ofcom, which has been a very active regulator. Even after The Sun endorsed Mr Blair, The Sun did not hesitate to criticize Mr Blair's stance on issues. When Mr Blair appeared to support a single currency, The Sun asked whether he was "the most dangerous man in Britain" (Exhibit KRM32).
- 99 With respect to Mediaset, to the best of my recollection, the article published in The Times on 27 March 1998 correctly quotes me: I did not ask Mr Blair to lobby anyone or to

intercede on my behalf. I sought his judgment on behalf of a British business (BSkyB) considering a European investment (in Mediaset) that was offered by Mr Berlusconi.

- 100 I believe that I asked Mr Blair for his judgment on whether he thought Mr Prodi would be receptive to a British company acquiring Mediaset. Apparently Mr Prodi called Mr Blair, and the Italian Prime Minister indicated that he would prefer an Italian purchaser, which was in essence what Mr Prodi had earlier said to me. According to the rest of The Times article referred to in Question (11)(e), Mr Blair regarded the charge that he had "intervened" on my behalf as "a complete joke." Mr Blair was quoted, "I treat Mr Murdoch no differently from anyone else in respect of any business with British interests." That was and remains my belief as well.

(11)(f) Please describe the nature of your personal relationship with Gordon Brown.

- 101 I felt a personal connection with Gordon Brown. He is Scottish, as was my grandfather, and we spent time discussing the fact that we are both descended from a long line of Presbyterian ministers. He gave me a lovely gift, a book of his father's sermons. My wife and his also developed a friendship, and my children and his played together. For some period of time, I contributed to Mrs Brown's charity. I certainly thought we had a warm personal relationship.
- 102 The meetings with Mr Brown reflected in my records are set out in Exhibit KRM27. Although I cannot recall with precision, I believe that the majority of the breakfasts and lunches were initiated by Mr Brown, and we would discuss politics and policy. My recollection is that the dinners that were attended by our wives were typically organized by Sarah Brown. Those were social occasions where we talked mostly about our families, and not about politics.
- 103 Based on our correspondence, it appears that the topics I discussed with Mr Brown during his time in office included spending, budgets, health care, the strength of the pound, the efforts of Mr Blair and Mr Brown to chart a new course, the creation of an entrepreneurial society, the future of the Conservative Party, Mr Karzai and Mr Brown's unhappiness with The Sun's reporting on Iraq and Afghanistan. Even when he was displeased with our editorial coverage, Mr Brown extended warm wishes to my family, to which I reciprocated, in an exchange of correspondence in April 2010 which I exhibit at Exhibit KRM33.
- 104 My personal feelings about Mr Brown did not change my view that, just as I had earlier concluded that the Conservative Party had grown tired in its approach in 1995, I concluded in 2010 after 13 years of Labour Party rule that the country needed a change. I am afraid that my personal relationship with Mr Brown suffered after The Sun no longer supported him politically. I continue to hold him in high personal esteem.

(11)(g) Prime Minister David Cameron became leader of the Conservative party and leader of the opposition on 6 December 2005. When was the first time you met him after this date? Who called the meeting? On 16 August 2008, you met with David

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Cameron on a yacht near Santorini. Who called the meeting? What, in general terms was the purpose of your meetings with David Cameron when he was leader of the opposition? How many times did you meet with him formally or informally before he became Prime Minister?

- 105** I believe that I first met David Cameron at a family picnic at my daughter's country home. No politics were discussed, as we were overrun with children. In fact, I was particularly struck by the way that Mr Cameron looked after his son. I remember thinking that he was a good family man.
- 106** At some point thereafter, I believe that Mr Cameron visited me at my office at Wapping at his request. My recollection is that Mr Cameron presented his party's position on current issues. The meetings which, according to my records, I attended with Mr Cameron (as well as events which we both attended) before he became Prime Minister are listed in Exhibit KRM29.
- 107** I have no memory whatsoever of meeting Mr Cameron on a yacht in 2008, but I am assured by my wife that we did in fact meet on my yacht and have a drink at that time.
- 11(h)** **The current Prime Minister, David Cameron, has published a list of meetings with media proprietors, editors and senior executives since he took office on 11 May 2010. The Inquiry would be grateful if you could provide a list of all official and unofficial meetings you have had with British prime ministers since 1988; please indicate at whose initiative these meetings were called, and describe, by way of as specific a summary as possible, the content of these discussions.**
- 108** As noted above, I have exhibited at Exhibit KRM27 a list of meetings held with British Prime Ministers from 1988 onwards. The list includes receptions and social occasions when I may not have actually met with the Prime Minister but we were both in attendance. I note again that we held annual summer parties attended by dozens of politicians of all parties as well as non-politicians, and I believe that I encountered the Prime Minister as well as Mr Milliband and others at the party last year without a record being made of the meeting. I repeat the caveats noted above in relation to this list.
- 109** I can say that, to the best of my memory, these meetings were typically initiated either by the politician or by a third party. It is simply not possible for me now to recount with any precision what was discussed at any particular meeting, although I have noted above some of the topics I am confident we did discuss. However, I am by nature a curious person and am sure we discussed additional topics. What I can say is that, typically, the Prime Ministers have been interested in discussing their views about challenges facing the country (and them) and how the government plans to address them; issues and conditions facing other countries and how leaders in those countries are addressing them; and, News Corporation's views or my personal views on what is going on around the globe.

- 110 As I indicated earlier, Mrs Thatcher was not one for much personal conversation; I simply do not recall meetings with Mr Major; Mr Blair always spoke with enthusiasm about the new Labour Party's approach to the challenges facing our country and was equally curious about what economic and social trends we at News Corporation were seeing in our global businesses; Mr Brown and I shared some personal background and also discussed the challenges facing Britain; and Mr Cameron, since his election as Prime Minister, and I have met principally in social settings, where little of substance was discussed. I do recall that, shortly after his election, Mr Cameron invited me in for tea at No. 10 Downing Street, he thanked me for the support of our papers; I congratulated him and told him that I was sure our titles would watch carefully and report whether he kept all of his campaign promises. The meeting lasted at most 20 minutes. I have otherwise provided what I can remember about meetings with Prime Ministers in my answers above.
- (11)(i) To what extent were you, or your representatives, involved in discussions with David Cameron or other senior Conservative politicians or their political advisers, about the appointment of Andy Coulson to a post in No.10? Please give a full account.**
- 111 I was not involved at all. I did not discuss the appointment of Mr Coulson with Mr Cameron or with other senior Conservative politicians or their political advisers, nor did I ask anyone to speak to any of them on my behalf. I understand that, in the limited time available, Linklaters has carried out electronic searches in an effort to identify emails on this subject and none has been found.
- (11)(j) Please describe the nature of your relationship with First Minister of Scotland Alex Salmond. Please provide a list of all official and unofficial discussions and meetings with Mr Salmond, whether before or since his election to that office, indicating at whose initiative these meetings were called and a summary of the content of these discussions. What is the value of this relationship to you? To what extent is political support for any individual, party or policy discussed in such interactions? Specifically, please give an account of your titles' editorial stance to the issue of Scottish devolution and independence, and the part you expect your titles, and your interactions with Mr Salmond, to play in the run-up to the current planned referendum on Scottish independence. You should explain in your answers the extent to which your interactions with Mr Salmond are similar to or different from your interactions with other senior politicians on this issue, including the First Minister of Wales, and the First Minister and Deputy First Minister of Northern Ireland.**
- 112 Mr Salmond has a fine sense of humour and I enjoy speaking with him. I am interested in his exploration of independence for Scotland, although I question its practicality, and I have enjoyed discussing the subject with him. I also have discussed News Corporation's

investment in Scotland, a matter of interest to both of us. BSKyB is one of the biggest private employers in Scotland. My calendars indicate that I have had about a half dozen calls or meetings with him over the last four years. I have attached as Exhibit KRM28 a list of the discussions and meetings requested by the Inquiry.

- 113 As for the "value" of the relationship, I can say that I like Mr Salmond, I am interested in Scotland because I am half-Scottish. I am interested in the writings of the Scottish Enlightenment, and intrigued by the idea of Scottish independence. The topics we have discussed include Scotland's economy and possible NI investments in Scotland. He has not explicitly asked me for the political support of NI's titles and we have not discussed any such support, but of course Mr Salmond is a politician.
- 114 I am informed that the stance of NI titles on the issue of Scottish devolution and independence to date has been as follows:
- (a) The Scottish Sun, the leading newspaper in Scotland, has backed Labour (2007) and SNP (2011), while not supporting independence. It is neutral on Scottish independence.
 - (b) The Sunday Times supports greater fiscal autonomy but not independence.
 - (c) The Times has been supportive of devolution but leans against Scottish independence.
- 115 I do not know what, if any, part the NI titles will play in the run-up to the current planned referendum on Scottish independence in autumn 2014. I have no doubt all three titles will report upon the referendum and will publish thoughtful and interesting commentary on it.
- 116 I have no relationship with the First Minister of Wales and the First Minister of Northern Ireland, perhaps because I simply have not had the pleasure of meeting them.
- (11)(k) To what extent do you meet other British senior politicians, including opposition leaders? How often do you meet them, and to what purpose? Please provide a list of all official and unofficial meetings you had had with British leaders of the opposition since 1988. Where possible, please indicate who called these meetings and what was discussed at these meetings. Why do you consider it important to meet or talk with British leaders of the opposition? To what extent is political support for any individual, party or policy discussed in such interactions? If the issue of the support of any of your titles for a political party in the run up to a general election has arisen in the course of such discussions, to what extent has such support been - expressly or impliedly - conditional, and on what sort of decisions or contingencies?**
- 117 When opposition leaders or other British senior politicians seek a meeting, I agree to the meeting – often with an editor. The purpose of the meeting from my perspective is to gain

insight into the politicians, their personalities, their principles, and the policies they might pursue, to help our readers and to inform myself and our editors about these matters of public interest. The topics I have discussed with senior politicians typically include efforts to revitalize their party (for example with Mr Blair when he was the Labour opposition leader, and with Mr Osborne as regards the Conservative party). My discussions with Nick Clegg and others at a dinner party included the topics of Afghanistan, public spending and the banking culture.

- 118** I have attached as Exhibit KRM29 a list of all official and unofficial meetings with leaders of the Opposition since 1988 and have sought to include an indication as to who initiated these and what was discussed, where I am able to recall or my records enable me to do so. The list is subject to the caveats noted in paragraph 86 above. As I indicated earlier, I may attend a dinner party or reception that includes one or other politician, including an Opposition leader, without a record being made or maintained.
- 119** I do not recall opposition leaders expressly asking for political support, but I am confident that this is part of what motivates them; they are seeking to reach our readers through us. I am sometimes questioned about what News Corporation is experiencing in other countries facing similar economic or political issues and I am happy to share this information.
- 120** I have never negotiated to provide editorial support in exchange for any favours or promises. As I have said, I supported a shift to Labour by NI's titles when I thought the Conservative Party had run out of ideas, and I supported a shift to the Conservative Party after 13 years of Labour rule for the same reason. Millions of others, with less substantial business interests, apparently felt the same way.
- (12)** **Recent disclosure by the Government shows that between May 2010 and July 2011, News International executives met with the Prime Minister and Chancellor of the Exchequer more often than all the other media organisations combined. Who instigated these meetings? Please give your perspective on that. Can you explain the benefits for, and any risks you perceive to, the public interest and the democratic process involved in this level of access. Please give your perspective on whether, to what extent, and why the existence, and the content, of those meetings should be placed into the public domain. To what extent would a change to greater public transparency affect your own approach to these contracts?**
- 121** I believe that the premise of the question is not correct. As I understand it, Prime Minister Cameron attended 74 meetings with media organisations over the period in question. Of these, 26 involved representatives of our newspapers or News Corporation. There were 48 other meetings with media organisations that did not involve NI or News Corporation representatives. Therefore, I do not believe that the Prime Minister met more often with NI executives than with all other media organisations combined.

- 122 Of the 26 meetings with people from our newspapers, four were sponsored award ceremonies, two were receptions, and two were speeches to the Times CEO summit. That suggests that there were 18 face to face meetings between the Prime Minister and representatives of NI or News Corporation. Of these 18 face to face meetings, the bulk of the meetings were with editors of NI titles and only one was with me. I believe that the statistics as they relate to meetings with the Chancellor are similar.
- 123 In any event, I believe that these meetings, in whatever number, contribute to the democratic process and do not pose risks as Question (12) suggests. Meetings with newspaper editors and publishers are a way for politicians to reach out and explain themselves to a much larger audience, and to make arguments to millions of readers. My view is that every news organisation should take these opportunities when they present themselves, become as informed as possible about our public officials, and thereby be in the best position to report information and offer their readers informed opinions about people and issues of critical importance to the life of our nation.
- 124 I would certainly welcome it if these meetings were listed on some public schedule. I believe that the public is best served when newspapers have more access and more information, rather than less.

UK public policy issues

- (13) **Please give an account of your personal investment, and the investment of your commercial interests in the UK, in all forms of lobbying activity in relation to UK public policy. This should include, in addition to any specific interactions with politicians not covered above, any commissions to or investment in lobbying or campaigning organisations or charities, interactions with political parties, with Parliament, government or other public organisations, and any public campaigns conducted otherwise than through the editorial content of your titles (for example by way of advertising, or of public speeches, events or comments) on behalf of you or your interests. Please explain the extent of your financial and personal commitment to these activities, and how you measure their effectiveness or otherwise.**
- 125 I have addressed the subject of my personal interaction with politicians in earlier responses. I have made no personal investment in lobbying, but (as I explain below) News Corporation, like other companies and institutions, has engaged in lobbying in the UK to explain our interests, as well as those of our thousands of employees and millions of readers and viewers.
- 126 I have always believed in the free market and open competition. I have from time to time spoken in public and private settings about the need to free business from unnecessary

restrictions so that all of us can compete on a level and increasingly international playing field.

- 127** As a media company with broad and varied interests in the UK, News Corporation has been involved in a variety of activities over many years, from formal submissions in response to government consultations on new legislation to more informal interaction with politicians or industry representatives. Its purpose is to ensure that we are well informed and can share opinions on matters of importance to our company and our industry. Broadly speaking, we have advanced our views in favour of free markets and open competition.
- 128** I am informed that, in 1989, a Corporate Affairs function was established within NI. Its primary focus for many years was on public relations and charitable donations. NI from time to time would engage outside counsel and others to make representations to government on matters of interest to the company. Only in more recent years has NI's Corporate Affairs team assumed responsibility for interaction with government.
- 129** In 2008, we established a corporate group to oversee our European and Asian businesses in London. A Corporate Affairs function was established within News Corporation Europe and Asia; its role was to manage external affairs. The UK was part of its geographical remit. This function has its own director and is responsible for interaction with government.
- 130** I understand that a significant proportion of that interaction takes the form of submissions made in response to a request from government for contributions from Interested parties at an early stage in drafting of new legislation. New legislation in certain areas may have huge, unintended impacts on the business. For example, new legislation affecting freedom of expression, data protection or digital copyright. Other legislation may directly affect our businesses in an adverse manner, such as proposing that VAT applies to newspapers. As experts in our business, we are able to give a detailed analysis of the impact – desirable or undesirable – and suggest amendments. At a later stage, representatives of the company may be asked to meet with a junior minister to explain in more detail the consequences of proposed law changes.
- 131** NI, like other large companies and institutions, may respond to proposed changes in existing legislation. For example, I understand that the UK Arms Export Control Act 2002 restricted the export of military equipment. This unintentionally meant that journalists travelling to war zones were required to apply for a licence before being able to take protective clothing, such as flak jackets, out of the UK. As a result, journalists were either subject to a delay, or required to source protective gear locally. I understand that representatives of the media industry, including NI, successfully requested that a clarification was inserted into the legislation to the effect that individuals be permitted to travel abroad with protective items for their own use.

- 132 We have sought legal advice on important issues and, where appropriate, submitted to government leading counsel's opinion, such as leading counsel's opinion submitted in relation to the foreign media ownership rules in the Communications Bill, and Antony White QC's opinion submitted in relation to the proposal to introduce custodial penalties for s.55 of the Data Protection Act 1998.
- 133 News Corporation or its subsidiaries have also sometimes sent letters or advanced positions to legislators during the passage through Parliament of a bill or proposed statutory amendment.
- 134 The general message of our efforts is consistent: we have always urged government to favour competition over regulatory restraints.
- 135 On occasion, I understand the company has also made representations to regulatory bodies, such as Ofcom.
- 136 Issues which effect journalism, freedom of expression and the management of a media company are common to our competitors in the media and we regularly work with an industry body to represent our views to government, in writing or in person. The relevant industry body may make submissions to government outlining concerns or recommendations. A face to face meeting with senior representatives from across the Industry may also take place. Industry bodies which have represented the company's interests include the BIPA (British Internet Publishers Alliance) and the NPA (Newspaper Publishers Association).
- 137 I understand that NI has, over the years, provided funding to a number of think tanks, including the Institute of Public Policy Research and the Institute of Economic Affairs. These bodies contribute to the national debate on public policy issues.
- 138 By way of further detail, I have been informed that News Corporation has participated in the following activities in recent years:
- (a) As regards interactions between representatives of News Corporation and politicians, political parties, Parliament and government, by way of example I refer to a list in Exhibit KRM34 which identifies subjects on which political engagement has taken place and the names of MPs and other officials with whom News Corporation has had contact for the period 2009 to date. This list refers to a number of submissions produced and published by News Corporation in response, for example, to public consultations. It also includes various public speeches and roundtable events involving News Corporation representatives. News Corporation is sometimes asked to attend sessions of or make formal written submissions to various government departments, regulators or parliamentary select committees; a number of examples are included in the list.

- (b) News Corporation is a member of the following organisations which may, from time to time, campaign on public policy issues:
- (i) Conference of British Industry, which provides a voice for employers at a national and international level. News Corporation has been a full member since January 2012.
 - (ii) Motion Picture Association of America, an organisation which promotes the American motion picture, home video and television industries in the US and around the world. News Corporation is a member.
 - (iii) Internet Advertising Bureau, a trade association for online and mobile advertising, which promotes growth and best practice for advertisers, agencies and media owners. News Corporation is a member.
 - (iv) Publishers Association, a trade association serving book, journal, audio and electronic publishers. News Corporation is a member.
 - (v) UK-India Business Council, a business-led organisation promoting bilateral trade and investment between the UK and India. News Corporation has been a corporate member since March 2011.
 - (vi) UK-India Business Leaders Climate Group, a group launched at the Foreign and Commonwealth Office, with William Hague (British Foreign Secretary) and Greg Barker (Minister, Department of Energy and Climate Change). News Corporation is a member.
- (c) NI is a member of the following organisations which may, from time to time, campaign on public policy issues:
- (i) Newspaper Publishers Association (to which NI provides funding and an NI executive is a Council Member);
 - (ii) Newspaper Marketing Agency (to which NI provides funding and an NI executive is the Chairperson);
 - (iii) Newspaper Licensing Agency (to which NI provides funding);
 - (iv) Press Distribution Forum;
 - (v) News Media Coalition (to which NI provides funding);
 - (vi) Newspaper Industry Materials Committee (on which an NI representative sits);
 - (vii) European Newspaper Publishers Association;
 - (viii) European Publishers Council (to which NI provides funding);

- (ix) World Association of Newspapers and News Publishers (to which NI provides funding); and
 - (x) Associations of Newspaper and Magazine Wholesalers.
- 139 The financial commitment of News Corporation to these activities in the UK is difficult to quantify. The more obvious costs include operating the Corporate Affairs teams, paying to be a member of various industry and trade bodies and contributions to think tanks, as explained above.
- 140 I am not aware that News Corporation has engaged in any formal review of the effectiveness of its Corporate Affairs teams. On an informal basis, I would say that our focus is on fulfilling the purpose of being well informed of the various types of legislation and government action that could affect our business and of having our voice heard on these important issues.
- (14) Prior to the 1997 election, the Labour party changed its position on monopoly controls, in particular in relation to the Conservative proposals to block large press groups from buying ITV or Channel 5. Having previously supported the proposals, the Labour party subsequently opposed the controls, arguing that they treated newspaper groups unfairly in their access to broadcasting markets. Please give a full account of any involvement or representations by you or on your behalf in relation to this matter.**
- 141 I have recently been informed that the Conservative government published a White Paper on Media Ownership in May 1995 and a White Paper on Digital Terrestrial Broadcasting in August 1995. I understand that these White Papers led to the enactment of the Broadcasting Act 1996, which received Royal Assent in July 1996 and the various provisions of which came into effect in October and November 1996.
- 142 Among other things, I understand that the Broadcasting Act 1996 introduced new rules on cross-media ownership which permitted media businesses to diversify into new areas. However, one provision prevented national newspaper groups with over 20% of national circulation from owing more than a 20% stake in ITV or Channel 5. This provision presented a barrier for potential business development by NI (and others). I believe NI would have voiced opposition to this provision, but I do not recall taking any steps in that regard.
- 143 I do not know what Labour's formal position was in response to either White Paper, in response to the Broadcasting Bill during its passage through Parliament, or in response to any subsequent developments.
- 144 I am confident that I did not ask Mr Blair (or any member of the Labour Party) for assistance on this matter before or after the election. Nor did I ask him (or anyone else) to

take any action in exchange for political support from me or any of our publications. Neither NI nor News Corporation ever acquired Channel 5. Nor was NI or News Corporation interested in acquiring Channel 5, which I understand was purchased by Mr Desmond.

(15) To what extent were representations made by you, or on your behalf, in relation to the drafting of the provision which became section 12 of the Human Rights Act? Please give a full account.

145 I do not recall taking any action or even discussing this subject with colleagues at NI or with editorial writers. I am told that NI representatives, along with the rest of the newspaper industry, lobbied for the press to be exempt from the Human Rights Act. The lobbying was led by Lord Wakeham of the PCC and supported by the opinion of David Pannick QC. I understand that there were written submissions from various newspapers including The Times.

(16) On 1 November 2008, the Guardian reported the release of a Downing Street memo which recorded a meeting between you and Prime Minister Tony Blair in 1998 in relation to the European Commission's investigation into British Interactive Broadcasting. Please explain the nature of this meeting, who called it, and what you were seeking to achieve. Did you ask the Prime Minister to intervene in the European Commission's investigation into British Interactive Broadcasting? If so, what was the result?

146 I do not recall the meeting, which apparently took place some 14 years ago. I have not seen the memo to which Question (16) refers. Having recently seen the Guardian article, I can say only that it would not surprise me if I had raised with Mr Blair the fact that a British business in which we had a 33% interest was (in my view) being badly treated by the European Commission. The article reports that Mr Blair was interested in making British business more competitive globally, and in ensuring cross-border competition. That is certainly consistent with my recollection of his general view. I never asked Mr Blair for any special treatment over and above what other British companies would expect, nor would he have agreed to such a request.

147 As for the result, British Interactive Broadcasting ("BIB") was a joint venture between BSkyB, BT, HSBC and Matsushita. It was cleared by the European Commission and launched in 1999. BSkyB eventually bought out the other joint venture partners in BIB. BIB is expected to be put into liquidation in June 2012.

(17) It has been widely reported that you (or your company) strongly lobbied government in the lead up to the passing of the Communications Act 2003. Please confirm whether you or your company lobbied government on the contents of the 2003 Act, and what you were seeking to achieve as a result of such lobbying. Were

you content with the contents of the Communications Act 2003 insofar as it relates to media ownership provisions?

- 148** Cross-media ownership issues are of significant interest to News Corporation for obvious reasons and I am informed that NI, like other media companies, made its own representations and supported representations made by media organisations with respect to the Communications Act. I have summarised what I have been told on that subject below.
- 149** I have been shown NI's Response to the Consultation on Media Ownership Rules dated January 2002 Exhibit KRM35 which set out in detail NI's position on the Communications Bill. I understand that NI had already presented submissions on this subject dated 23 June 2000 and 6 February 2001, respectively before and after the White Paper entitled "A New Future for Communication" published in December 2000. NI's paper dated January 2002 carried three main messages:
- (a) As regards foreign ownership, NI opposed restrictions on foreign companies owning certain media properties in the UK. Foreign ownership had brought new investment and innovation, adding to diversity and competition. In a global market place, it was difficult to define the nationality of companies. Leading counsel's opinion stated that protectionist controls were incompatible with the European Convention on Human Rights. Restrictions on the inflow of capital and skills were damaging.
 - (b) As regards cross-media ownership, NI submitted that competition law would be sufficient to ensure that any proposed cross-media merger would prevent an undue concentration of sources of information and entertainment. The existing limits were outdated and discriminatory, and were to the detriment of the consumer.
 - (c) As regards newspaper mergers, NI submitted that newspaper ownership should be regulated by normal competition laws and not by any special rules. NI rejected the solutions proposed in the White Paper.
- 150** Other publishers and broadcasters who expressed views on the Communications Bill included Associated Newspapers Limited, the BBC, the Campaign for Press and Broadcasting Freedom, Daily Mail and General Trust, Guardian Media Plc, the Newspaper Society, SMG Plc and Trinity Mirror.
- 151** NI's views were shared by some (for example Daily Mail and General Trust and SMG Plc) and opposed by others. NI's arguments were accepted to some degree. I understand this is reflected in the second report of the Culture Media and Sport Select Committee.
- 152** The Communications Bill was also subject to considerable criticism in the press. I have recently been shown several articles which summarise some of the coverage (Exhibit

KRM36), for example on 8 December 2002 The Guardian reported under the headline "Press gangs up against bungling Bill", and on 29 April 2003 the BBC reported on "Broadcasting's battle for Britain". Much of the focus was on whether Ofcom should be extended to cover press regulation.

- 153** I have recently been informed that around this time, executives of BSkyB and NI were in communication with and attended various meetings with Tessa Jowell, the then Secretary of State for Secretary of State for Culture, Media and Sport. I am also informed that NI representatives spoke to members of the House of Commons and House of Lords to reinforce the messages set out in its submissions described above. NI worked with a number of politicians, including, for example, the Conservative opposition spokesmen, to reinforce its key messages in relation to the White Paper.
- 154** My understanding is that the Communications Bill relaxed certain ownership restrictions with respect to Channel 5. I thought that was appropriate, although News Corporation did not acquire an interest in Channel 5, nor did we ever intend to do so. I further understand that the Bill maintained other restrictions on cross-ownership and on free competition. Our consistent view has always been against more restrictions, and in favour of more competition and more consumer choice.
- (18)** **It has also been widely reported that after the publication of the Information Commissioner's two reports in 2006 (What Price Privacy? and What Price Privacy Now?) you (or your company) made strong representations opposing the Information Commissioner's recommendation that a new custodial sentence should be imposed for certain breaches of section 55 of the Data Protection Act 1998. Can you confirm whether you (or anyone on your behalf) made representations, or lobbied government, on this issue? What form did those representations take? If you did not make the representations personally, who on behalf of your company did so? Please list all individuals (including editors) who were involved in this process.**
- 155** I made no such representations nor did anyone at my request or with my knowledge.
- 156** I have recently been told the following (of which I was not previously aware):
- (a) In the period May to October 2006 the Government conducted a consultation into increasing penalties for misuse of personal data. I understand that the then Legal Manager of TNL (Alistair Brett) provided some assistance to a representative of the Newspaper Society in making representations within that consultation. I understand that articles were published in The Times and The Sunday Times on this topic, shortly before the consultation closed.
- (b) In October 2006, Les Hinton (then Chairman of NI) acting in his capacity as Chairman of the Editors Code of Practice Committee had a meeting with Richard

Thomas (then Information Commissioner) at which the subject of prison sentences for breach of s.55 may have been discussed.

- (c) At some point during the passage through Parliament of the Criminal Justice Act 2008 (which provided enabling legislation to impose a maximum two year prison sentence for breach of s.55 of the Data Protection Act, but which has yet to be activated) Mr Brett had a meeting with Maria Eagle, then the Parliamentary Under-Secretary of State in the Ministry of Justice. This is reflected in Mr Brett's witness statement to the Inquiry in which he says he lobbied the Government over the Data Protection Act 1998.
- (d) Mr Brett obtained and submitted to government the Opinion of Antony White QC, to lend independent force and credibility to the legal points being made by NI.
- (e) I understand that, according to a letter published in The Guardian, all major newspapers and television outlets expressed opposition to custodial sentences in the Data Protection Act. The letter is attached as Exhibit KRM37. Another article in the Guardian reported that the Telegraph Group, Associated Newspapers and NI successfully lobbied against custodial sentences for breaches. The article is attached as Exhibit KRM38.

(19) In 2005, the European Commission proposed to split the auction of Premier League broadcast rights into two equally sized packages to avoid a monopoly situation. It was reported that the Prime Minister Tony Blair and Chancellor Gordon Brown intervened in this process. Did you or any News International executive have any meetings or conversations with the Prime Minister or the Chancellor in relation to the Commission's proposals? Did you or any News International executive request any intervention? If so, please explain the nature of those meetings, conversations or requests.

157 I have no recollection of asking Mr Blair or Mr Brown to intervene on my behalf or on behalf of my companies. I am not aware of any NI executive having any meetings with either of them, or making any such request and note that broadcasting issues would not typically concern NI. However, I have recently been told that my son James had a telephone conversation with Tony Blair on 7 October 2005, which James thinks may have been in respect of the European Commission's investigations in this area.

158 I understand that the European Commission never formally proposed to split the auction of Premier League broadcast rights into two equally sized packages, but that it was only rumoured that this was under consideration.

159 I can report that BSkyB made possible the building of the Premier League into perhaps the world's most prominent football league. I am proud of BSkyB's contribution to sport in that effort. I understand that many of the more detailed reports on this matter appear to

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suggest that any intervention by Government ministers was motivated primarily by a desire to increase the level of "grass roots" funding for the sport that arose from the sponsorship of the Premier League.

(20) In November 2009, Peter Mandelson publicly claimed that there was an agreement between News International and the Conservative party along the following lines: "What the Sun can do for the Conservatives before and during the election is one part of that contract. And presumably what the Conservatives can do for News International if they are elected is the other side of the bargain". Please comment on this. Was there any kind of formal or informal agreement reached between the Conservative party and News International prior to the 2010 General Election? If so, please explain its nature.

160 I had not heard Lord Mandelson's allegation until recently, but a transcript of his statement in a short interview for BBC Radio 4's Today programme has recently been shown to me. It appears that he does not actually accuse me of entering a secret "agreement" with the Conservative Party – instead, he suggests that "they have effectively formed a contract," one that is "plain to see"

161 According to Lord Mandelson's autobiography, not even he believed this charge. Attached as Exhibit KRM39 is an excerpt where he concedes that he made this suggestion to provide political cover for Mr Brown, even while recognizing that it had no foundation. In any event, the charge is false. There was no "contract" between the Conservative Party and NI, just as there was none between the Labour Party and NI. (I note that the BBC interviewer points out that Lord Mandelson was only too happy to receive the support of The Sun when it was attacking Prime Minister John Major.)

162 What I can say is that, in 2010, I and several million others came to the view that, after more than a decade of rule by one political party, it was time for a change. No one promised NI anything in order to induce its executives or Editors of its titles to support the Conservative Party.

(21) Prior to the 2010 General Election, was there any attempt by or on behalf of News International to influence Conservative policy in relation to the regulation of the media by Ofcom or others? Please give full details.

163 I made no effort to influence any Conservative policy in relation to regulation by Ofcom.

164 I have recently been told that my son James (in his role as Chairman of BSkyB and CEO of News Corporation Europe and Asia) and Rebekah Brooks (in her capacity as CEO of NI) had meetings with various Conservative MPs on this subject in the run up to the 2010 General Election. Details of such meetings are set out in Exhibit KRM40.

- (22) On 24 July 2011, the Daily Telegraph reported that the Conservative party had dropped its policy to "top-slice" the BBC licence fee after lobbying from News International executives. Please comment on this report. Prior to the 2010 General Election, were any approaches made by or on behalf of you to Conservative politicians in relation to the BBC licence fees or on otherwise limiting the expansion of the BBC and its development into digital or online broadcasting?**
- 165** I have been shown an article published in The Sunday Telegraph on 24 July 2011 (a day on which the Daily Telegraph was not published) reporting that, two years before the 2010 election, Mr Cameron rejected a plan to "top-slice" the BBC licence fee and share it with other broadcasters, and that after he became Prime Minister, Mr Cameron had two meetings with my son James. I do not know what this article purports to demonstrate.
- 166** I have recently been told that my son James discussed certain BBC issues with Jeremy Hunt, both before and after the 2010 General Election. In particular such issues were discussed at two of the meetings referred to in Exhibit KRM40 between James and Jeremy Hunt, on 19 October 2009 and 12 February 2010. James may be in a better position to respond to the inquiry on this topic.
- 167** I do not know if anyone claiming to act on my behalf engaged in any lobbying or attempts to persuade politicians on the subject of the BBC licence fee. I did not do so and I have no recollection of asking anyone to do so. This is the first I have heard of the idea of allocating a portion of the BBC licence fee to other broadcasters, which strikes me as totally inappropriate.

Allegations of illegal and unethical conduct within NI

- (23) Please provide the inquiry with a detailed history and analysis of the phone hacking scandal at News International. In general terms, what was your personal knowledge, and what actions did you take, at each stage? Why and how was the decision made to close the News of the World? Please also give a full account of News International's policy in relation to police interest in its activities from December 2005 to date.**
- 168** I was not aware of any police interest in NI's activities in the period December 2005 to August 2006. Nor, I believe, was anyone at NI aware of such interest until the arrests of Messrs Mulcaire and Goodman in early August 2006.
- 169** In August or September of 2006, I learned about the arrests. This was the first time I heard that anyone associated with News of the World had engaged in phone hacking. Given that I was travelling with my family for much of August and not in London until late in September, I believe that I learned about the arrests in a telephone call with Les Hinton.

- 170 I recall being told, probably by Les Hinton, that NI was cooperating with the police investigation of the matter. I thought that was the appropriate course of action. The police, who I understood had searched Mr Mulcaire's home, were in the best position to follow up on the evidence of his activity and investigate the matter and I thought it was appropriate for NI to support the police investigation. I understand some witnesses from the Metropolitan Police Service ("MPS") have recently testified that they did not receive much in the way of cooperation from NI in connection with their efforts to search the newsroom or their requests for documents; I had no knowledge of this at the time, my understanding was that we had retained a law firm for purposes of facilitating cooperation and I was not told of any complaints or objections from the MPS, if any were made. I am not aware of any "policy" adopted by NI in this regard.
- 171 At some point later in 2006 I recall being told, again by Les Hinton, that the police had said that they were not looking at any other journalists. This was consistent with my understanding that NI had cooperated with whatever inquiries the police made of this matter. Had the MPS concluded that they had been obstructed in their investigation, I would not have expected to hear that their investigation was complete.
- 172 Sometime in early 2007, after Mr Goodman pleaded guilty, I recall learning that Mr Coulson resigned and that Mr Hinton replaced him with Mr Myler. I thought that both actions were appropriate. Shortly after that, I recall learning that Mr Hinton and Mr Chapman had retained a distinguished law firm to review certain emails that were the product of an internal review. I am now aware that these actions were undertaken as a result of allegations that Mr Goodman made in connection with the termination of his employment but I cannot recall today whether I knew that in 2007. I believe that I was told by Mr Hinton that the internal review showed that the police were correct and that there was no evidence going beyond Mr Goodman. My memory at this point is not clear on what I knew in 2007 about the details of this review. However, I am certain that I did not learn until mid 2011 of the deficiencies in the law firm's analysis of the emails that it did review.
- 173 I did not learn of settlements of civil claims during the time in question. It would not have surprised me to hear that NGN would settle claims rather than spend money on litigation when it was not disputed that Mr Mulcaire had engaged in phone hacking while retained by News of the World. But I am certain I did not know about the settlements when they took place. Until late 2010 or January 2011, I believed – based on the limited charges brought by the police – that in fact Mr Mulcaire had been working for a single reporter at the News of the World.
- 174 At some point in 2009, I came to learn that there were allegations in The Guardian that the phone-hacking activity went beyond one reporter at the News of the World. At some point, I believe that my son James and perhaps Rebekah Brooks advised me that the police had responded quickly to the Guardian story in July 2009 by reaffirming that there was no basis

to re-open their investigation. This led me to conclude that phone hacking was limited to the victims previously identified and that there was no need for investigation by NI. I did not follow the Select Committee proceedings, as my view of the matter remained based on the police announcing that there was no basis for re-opening the investigation, and on the prior conclusion reached by the police. As my son James told the Select Committee, in hindsight we were too defensive in our response to these events in 2009-10.

- 175** In the fall of 2010, I recall learning of a New York Times article on the matter, perhaps from my son James. I had understood that it was a rehash of allegations that had been discredited by the police. I do not recall reading the article.
- 176** Sometime in late 2010 or January 2011, I believe Rebekah Brooks told me that evidence disclosed in a civil case brought by the actress Sienna Miller showed that at least one other reporter was apparently involved in telephone hacking besides Clive Goodman. This was particularly disturbing because it meant that the information we had relied upon since late 2006 was wrong. The company began to investigate the matter further. By April 2011, I understand that the police arrested the other reporter. That spring, NGN accepted responsibility for the hacking.
- 177** Of course, over the next few months, we learned of the allegations made in The Guardian about the alleged hacking of Milly Dowler's phone and deletion of her voicemails by or on behalf of the News of The World, which has since been the subject of investigation by the police (although I understand that the charge that News of the World deleted the voicemails has been called into question). By July 2011, the Board had directed the Management and Standards Committee ("MSC") to cooperate with all government investigations.
- 178** NI decided to close the News of the World, in the wake of the Milly Dowler accusations and under all of the circumstances, because the credibility of the brand with its readers was irretrievably destroyed. My son James' internal statement dated 7 July 2011 on the subject captures our thoughts at the time (I exhibit a copy at Exhibit KRM41).
- 179** Since July 2011, the MSC, working with a legal team, has actively cooperated with the Metropolitan Police as well as with the United States Department of Justice, turning over evidence of alleged or suspected illegality, and responding to all requests for information. This has led to the arrests of a number of NI employees. Our cooperation is continuing to date.
- (24)** In 2006 and 2007, it was clear that the Information Commissioner was alleging that very large amounts of personal data may have been obtained in breach of the Data Protection Act 1998. When did you become aware that your newspapers had been implicated by the Information Commissioner? What steps to investigate the matter did you take when you became aware of this?

- 180 I have recently been told that, on 13 December 2006, the Information Commissioner published a report entitled "What price privacy now?" which was a follow up to an earlier report. I understand that the report included a table in which it was alleged that three NI titles, among many other newspapers, had used the services of a particular private investigator (Mr Whittamore) to obtain information and that such information might have been unlawfully obtained. I have also recently been told that, following a challenge by The Sunday Times, on 2 February 2007 the Information Commissioner apologised for errors in the report and published an amended version of the table which suggested a very much smaller role for The Sunday Times but included all four NI titles.
- 181 I was not aware of any of these matters until sometime in the summer of 2011. I did learn that the Sunday Times had attempted to follow up on one of the Information Commissioner's reports and asked for underlying data, and was refused, and the table in the report did not provide sufficient information to identify which journalists were implicated and what they were suspected of doing.
- 182 As I understand it, the Information Commissioner's reports are not concerned with phone hacking.
- (25) **When did you first become aware that phone hacking at News of the World had in fact occurred? Was it prior to Clive Goodman being arrested, or after? A precise date would be helpful. Who informed you of this? What precisely was said to you about phone hacking at that stage? In particular, please address the allegations made by Detective Chief Superintendent Surtees to the Inquiry that the police search of Mr. Goodman's desk turned into a "tense standoff" with News of the World staff who did not assist the police in carrying out their duties "in any way, shape or form". What assistance was provided to police when conducting Operation Caryatid?**
- 183 I was not aware of phone hacking at News of the World until shortly after the arrest of Clive Goodman. I do not know the exact date, but I believe it was in late August or September 2006. As I indicated in response to an earlier question, it is difficult to be precise about the date in part because I was travelling with family through most of August and not back in London until late September.
- 184 I believe I was told about this by Les Hinton, then Chairman of NI. In substance, I believe Les told me that there had been an arrest of one employee who had used an investigator who was hacking into telephones to support stories for News of the World and that we were cooperating with the police investigation.
- 185 I was unaware of any "tense standoff" with News of the World staff on 8 August 2006 to which the question refers. I was not present when the police searched Mr Goodman's desk; nor, I understand, was Detective Chief Superintendent Surtees himself.

- 186** I do not know what subsequent assistance was provided to police conducting Operation Caryatid. At the time, my understanding was that NI had directed a law firm to cooperate with the police investigation following Mr Goodman's arrest, and that the police were able to conclude their investigation. I have since been told that there were exchanges of correspondence between that law firm and the police. I have not examined that correspondence or been in a position to judge the nature and extent of assistance sought and provided.
- (26)** **Once informed, what steps did you take to ensure that the matter was being investigated? Did you consider it a matter of good business practice to have this matter investigated? How far did you attempt to ensure that any such investigation was thorough and was being followed?**
- 187** At the time I was informed, I was told that NI was cooperating with the police investigation. As the police had taken critical evidence from the home of the investigator at the centre of the activity, it appeared reasonable to support their investigation rather than attempting to conduct our own. When I heard that the police had informed NI that they were closing the investigation, I concluded that nothing further was required. I was told in 2007 that the internal review and the law firm review of certain emails described above confirmed the police's conclusion that the activity was confined to one reporter and there was nothing further to investigate.
- (27)** **Were you aware that after the arrest of Clive Goodman, until the very recent past, the line being put out publicly by News International was to the effect that phone hacking had only been carried out by 'one rogue reporter'? When did you become aware that this public line was in fact incorrect? Who informed you of this? What was your reaction?**
- 188** I was aware that NI had taken that position, and indeed I believe I took that position myself, as it reflected my belief at the time.
- 189** I became aware that the position was wrong sometime in late December 2010 or January 2011, when evidence in the Sienna Miller case revealed that more than one reporter was apparently involved in the activity. I believe it was Rebekah Brooks who informed me of this. This was a source of great concern to me because it called into question an understanding that had governed NI's response to these matters for four years.
- 190** As my son James said, it is to our great regret that the company's statements on this issue proved to be wrong and that in hindsight our response to these allegations in 2009-2010 was slow and insufficient. Rather than rely either on the allegations in the Guardian or on the statements by the police, we should have conducted our own thorough investigation. That is why, when we finally did respond in 2011, we undertook to make this right: getting

at the truth, providing all evidence of wrongdoing to the authorities, and compensating the victims.

(28) Both the Guardian (in 2009) and the New York Times (in 2010) carried articles which alleged that phone hacking was not limited to a single rogue reporter. Were you informed of these articles? What steps did you take at that stage to investigate their claims, if any?

191 I believe I was informed about both articles, probably by my son James or Rebekah Brooks, and I was informed that the Metropolitan Police had said that The Guardian article was incorrect. Based on that, I did not direct any further investigation.

(29) When were you made aware of the Gordon Taylor and Max Clifford claims, based on allegations of phone hacking? What personal control (if any) did you take of this civil litigation? Did you authorise, or alternatively were you contemporaneously informed of, the large settlement payments they received? What was your understanding of why such large settlement sums had been paid?

192 I was not aware of either claim, I did not control the litigation, and I did not authorise the settlement of the claims. I may have learned of the Taylor settlement in either reading or hearing about the article in The Guardian in 2009. I do not recall learning about the Clifford matter until fairly recently.

(30) Please give a full account of News International's policy in relation to the conduct of more recent litigation in the civil courts. Please provide the number of claims that have been settled, and the total value of all compensation paid out in settlement of these claims. In addition, please indicate the legal and other costs incurred by News International in relation to the civil claims. It has been widely reported that many new phone hacking claims are likely to be brought. Insofar as you, or your company, is aware of these, please provide full details.

193 NGN has apologised, both publicly and privately, for the voicemail interception which took place at the News of the World and for the considerable hurt and distress which this has caused to those individuals affected.

194 The publicly stated aim of NGN is to resolve genuine voicemail interception claims by settlement wherever possible. NGN has negotiated and settled nearly all of the issued claims made to date (on its own behalf prior to July 2011 and through the MSC on behalf of NGN after July 2011). In those negotiations, NGN has assessed whether or not it is likely that voicemail interception occurred and has accepted liability in principle wherever it is appropriate to do so. Thereafter it has offered compensation to the claimants, which it considers to be very much at the generous end of the spectrum that the Court would be likely to award. Appropriate undertakings have been offered as part of the terms of the settlement and where the claimant has so requested them. Statements in open court or

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private letters of apology have been agreed. Settlements have also been concluded on a confidential basis where the parties so preferred.

- 195** NGN has agreed to pay the costs of those claimants with whom settlements have been reached. NGN's aim is to achieve a fair and early settlement of all further substantiated claims. NGN remains prepared to litigate cases which are not genuine or where agreement cannot be reached on the level of compensation.
- 196** In order to provide an alternative method of resolving claims, and in order to speed up the process by which the victims of voicemail interception can be compensated, NGN has also set up a voluntary compensation scheme. NGN has appointed the former High Court Judge and arbitration expert, Sir Charles Gray, to act as an independent adjudicator to assess applications for compensation under the scheme.
- 197** I am informed that the position as at 10 April 2012 was as follows (although these figures are subject to frequent change):
- (a) 72 claims have been settled;
 - (b) 20 issued claims are outstanding; and
 - (c) 23 have been accepted into the compensation scheme
- 198** As at 31 March 2012, NGN has paid approximately £14.5 million in damages, costs agreed with claimants and its own legal costs.
- 199** I understand that over 300 communications, including requests for information, have been received by NGN which may lead to further claims being issued against the company, although not all of these will result in any payment being made by NGN.
- (31) What led to the decision to set up the Management and Standards Committee? Who took the decision? What was your personal role in setting it up, and what role do you play in relation to the MSC now? What instructions were given to the MSC and what are its terms of reference?**
- 200** In July 2011 News Corporation established the MSC to take charge of all matters relating to the phone hacking and public official payments investigations and all related issues at NI. The members of the MSC included individuals who had already been leading the company's cooperation with the Metropolitan Police Service in their investigation of these matters. I promised the Select Committee that I would clean up the phone-hacking problem at the News of the World. The MSC has more than made good on my promise.
- 201** My senior management team, together with the News Corporation Board of Directors, determined to empower the MSC to serve as a management body independent of NI and that would report to a member of senior management, Joel Klein, who is a director of News Corporation and a former Assistant Attorney General of the United States. Mr. Klein in

turn reports to Viet Dinh, an independent director of News Corporation and also a former Assistant Attorney General of the United States.

- 202 Mr Klein and Mr Dinh provide frequent updates to the Board regarding the activities of the MSC and status of the investigations. I receive information regarding the MSC's activities from these updates as well as my regular conversations with Joel Klein and Gerson Zweifach, the Group General Counsel of News Corporation and now a member of the MSC. The terms of reference of the MSC are attached at Exhibit KRM42.
- (32) **Please set out News International's policy in relation to Operation Elveden. To what extent do you share the views expressed by Trevor Kavanagh in The Sun on 13 February 2012, in which he levelled serious criticisms at Operation Elveden. Were you aware of this piece prior to its publication?**
- 203 NI, as part of News Corporation, is cooperating with Operation Elveden and all other government investigations. That cooperation has been not only expensive, but has taken a human toll, as long term employees who served NI have been arrested. Those arrests, as well as the prior closing of the News of the World, have caused terrible pain not only to those arrested but to their families and to colleagues. Trevor Kavanagh's article published on 13 February 2012 reflects the anguish that many of us feel for our colleagues. I was not aware of the article before it was published.
- 204 I do not agree with everything stated in the article (and through no fault of his, Mr Kavanagh obviously does not have all the information that the MSC or the police have). As I told the Select Committee, I believe that paying police officers for information is wrong. And as I told my colleagues shortly after Mr Kavanagh's article appeared, we are committed to obeying the law. That said, the sentiment that Mr Kavanagh expressed was genuine and his concern for his colleagues, those arrested and their families, and others who are frightened is shared by me.
- 205 As I have publicly stated, the law is the law and NI will obey it. I am determined that we should do what is right. And, at the direction of News Corporation, the MSC will continue to provide any evidence we find of possible wrongdoing to the authorities.
- (33) **In July 2011, you confirmed to the CMS Select Committee that you had 'no current plans' to set up a Sunday version of the Sun. A Sunday version was however launched in February 2012. Why did you change your mind? How and why was the decision made to launch the Sun on Sunday? When you announced the launch of The Sun on Sunday, you lifted the suspensions of journalists who had been arrested for alleged unlawful payments to the police. The editorial in the first edition of The Sun on Sunday said that the individuals are innocent until proven guilty. The Inquiry would be interested to understand why you took the position you did as to reinstatement of the relevant journalists. Please also provide the Inquiry with full**

details as to when website domain names relating to the Sun on Sunday were first registered and/or purchased?

- 206** The question posed here slightly misstates what my son and I told the Select Committee on 19 July 2011. I said we had made no decision on launching a Sunday tabloid, and James said "there are no immediate plans" to do so, to which I immediately added, "but no guarantee that we won't." (see Q253 of the transcript). Those statements were accurate when they were made and signalled that, when circumstances so warranted, we would revisit the issue of launching a Sunday newspaper.
- 207** In the summer of 2011, when we closed the News of the World, we protected our intellectual property rights, by registering the domain names "thesunonsunday.co.uk" and "thesunonsunday.com" (plus certain similar Irish domain names) and filing corresponding trade mark applications. We were prompted to take these steps because, in early July 2011, a third party had registered various domain names based upon the words "Sun on Sunday"; those domain names were later transferred to NI.
- 208** In February 2012, after waves of dawn arrests, our employee morale was dangerously low, and some questioned our commitment to The Sun. Against that background, I decided it was appropriate to launch the Sunday edition, to demonstrate to our employees and our readers our commitment to The Sun and to putting out the best newspaper in Britain, while observing the highest ethical standards.
- 209** It was terribly difficult to plan the ongoing operation of The Sun, let alone to consider extending its operations to seven days a week, with key employees under suspension since their arrest. There was no prospect of a charging decision for several months. Therefore, at the same time as launching the Sunday edition, we decided to welcome back those employees who had been suspended. They are innocent until proven guilty and have not, to date, been charged.
- 210** We took this action to protect the jobs of our employees and their families (the vast bulk of whom were not implicated in any way in the activities at issue), to serve our readers, and to demonstrate our commitment to the most popular newspaper in Britain. We provided assurances to the police that we would put in place protections to ensure that none of the returning employees could possibly engage in any of the alleged unlawful practices, and we further ensured that all evidence was secured.
- (34)** **You will be aware that the Metropolitan Police have announced that they will review the Daniel Morgan murder in light of information that News of the World hired a private investigator with links to one of the murder suspects to conduct surveillance on the senior officer in charge of the investigation. Please set out your understanding of events relevant to this review, and set out the assistance News International is providing to the police in this context.**

- 211 I was entirely unaware of these allegations until recently.
- 212 I have been told that a private investigator was murdered in 1987 and that his murder remains unsolved. I understand that one of the suspects was himself a private investigator with some relationship with News of the World. I also understand that there is an allegation that in 2002, the senior officer in charge of the fourth investigation of the murder was put under surveillance by the News of the World. I understand that it has been reported that the police officer in question has himself been arrested by officers from the Independent Police Complaints Commission on suspicion of misconduct in public office and Data Protection Act offences. And, I understand that the officer in question has brought a civil action against NI. I have no other information about the matter, other than I have been assured by the MSC that it stands ready to cooperate with any and all investigations into the murder, the News of the World's surveillance, or the officer's alleged misconduct.
- (35) When did you become aware of the allegations published in the Guardian in July 2009 that phone hacking was widespread within News of the World, or the subsequent report in the New York Times in September 2010? Please explain what steps you took to satisfy yourself that they were not true.**
- 213 See my answer to Question 28 above.
- (36) In relation to the civil claims, please respond to the comments of Mr Justice Vos that, in response to requests for documents from the representatives of Sienna Miller, senior executives at News International implemented a "pre-conceived plan to hide emails". Mr. Justice Vos added that News International should be treated as "deliberate destroyers of evidence". Please provide the inquiry with all documents relevant to the plan to delete emails and provide a full explanation of who approved the plan, and for what purpose. What emails were deleted? When were you aware of this plan?**
- 214 My understanding is that Mr Justice Vos' comments (in a judgment (as to the first quote) and during oral argument (as to the second)) were based upon concessions made by NGN for the exclusive purpose of calculating damages in the civil claims. NGN made concessions about factual matters in order to progress the litigation, and without prejudice to the fact that it was unable to make any admission as to the state of knowledge, motivation or states of mind of the unidentified "senior employees and directors" against whom allegations were made. I understand that Mr Justice Vos also said in the same judgment "I do understand the efforts which NGN have gone to give disclosure and make amends for the past misconduct, and the court is not unsympathetic to the substantial efforts that have had to be undertaken". Whatever the context, however, I recognize the seriousness of any allegation of obstruction of justice.

- 215 Until recently, I had no awareness of any allegation about a plan to delete emails or evidence of any kind to that effect.
- 216 I understand the issues relating to NI's IT infrastructure and email deletions are technically complex and I have no personal knowledge of them. I have this year been apprised by the MSC of a witness statement made in the civil claims by NI's Chief Information Officer who is familiar with these allegations. His witness statement, which answers the factual questions posed in Question (36) is at Exhibit KRM43. The documents requested in Question (36) are exhibited to his statement with further responsive documents at Exhibit KRM44.
- 217 Certain individuals who have knowledge of the relevant matters have left the company and the MSC has not had the chance to interview them. It is my understanding that we were directed by the MPS not to interview anyone arrested. In light of the current police investigation, and the fact that we have not been permitted to ask those implicated if they can explain themselves, I do not believe it is appropriate for me to comment on any individual's conduct.
- (37) As you are aware, the editor of The Times, James Harding, has informed the Inquiry that information relating to the unlawful interception of an email by The Times was withheld from Mr Justice Eady in the Nightjack hearing. Please set out what steps have been taken within News International to investigate the extent to which the unlawful interception of emails was or is prevalent. Further, what steps have been taken to ensure that no News International publication misleads the court in future?**
- 218 I have recently been informed that, in May 2009, a reporter employed by The Times gained unauthorised access to the email account of an anonymous blogger called "Nightjack" and used such access to establish the blogger's identity. I understand that the reporter subsequently discovered that the blogger's identity could be established using publicly available information, and that The Times resisted the blogger's court application for an injunction preventing disclosure of his identity on that basis. I understand that, when the matter was heard by Mr Justice Eady on 4 June 2009, The Times failed to explain how the identity had originally been established and as a result the court was misled. I also understand that the Editor, James Harding, has apologised to the blogger, to the court and to the Inquiry. I was unaware of this matter until it arose in evidence before the Inquiry. I am appalled that the lawyer misled the court and disappointed that the Editor published the story.
- 219 Some months before this matter came to my attention, in July 2011, the MSC was asked to conduct a review of journalistic activity at The Times and to establish whether any unlawful activity (including email hacking) had been carried out in the past. As soon as the Nightjack matter arose, it was referred specifically to the MSC. The review is ongoing, but I am told that so far the MSC has not yet uncovered evidence of any other occasions on

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which The Times reporters gained unauthorised access to email accounts. To the best of my knowledge, this appears to have been an isolated incident. I understand that the reporter involved in this incident was disciplined and his employment contract was later terminated (for unrelated reasons). I understand that the reporter's line manager, a news editor, has subsequently been disciplined. Further, I also understand that NI has referred the in-house lawyer involved to the Solicitors Regulation Authority and that NI has reviewed and issued guidance to all in-house lawyers following this matter.

(38) In response to the evidence given to the Inquiry by DAC Akers, you said: "we have vowed to do everything we can to get to the bottom of prior wrongdoings in order to set us on the right path for the future. That process is well underway. The practices Sue Akers described at the Leveson Inquiry are ones of the past, and no longer exist at the Sun. We have already emerged a strong company". Please explain to the Inquiry in full the lessons you have learned from these experiences. Please detail in full the actions you have taken to ensure that the culture, practices and ethics within News International, and by each of the individuals who were or may have been involved in these past practices but who continue in the employment of News International, have changed permanently to eliminate any risk of future behaviour of this nature.

220 As I stated at the Select Committee, my colleagues and I at News Corporation and NI have been humbled by the events of the last year.

221 With the wisdom of hindsight, I have learned that even experienced and long serving members of staff can fail to meet their responsibilities. As my son James told the Select Committee, we have learned that even if we question the motivations of those who attack us, we must take a hard look at any allegations of misconduct.

222 In response, as the Inquiry knows, we have changed the governance and risk management structure of NI; made more robust our compliance programmes; and are re-thinking governance and compliance functions at News Corporation. And, as I committed to do following the revelations about the News of the World, we are conducting an investigation across our other titles and turning over evidence of possible misconduct to the police. That process is now substantially complete. I am proud of the efforts which have been made, painful as they have been, to make good on our commitments to Parliament to make things right.

223 This Inquiry is devoted to examining critical issues of the press's relationship to our democracy. Notwithstanding the events of the last year, I remain convinced that no institution remains better positioned than an independent press to undertake the absolutely crucial task of shining a critical light on powerful forces in our society. And as we have all seen, we have laws in place, including privacy and defamation as well as criminal laws, that will be enforced. Surely any publisher or journalist reflecting on the events of the last

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year has seen how our society already has laws that will hold journalists and publishers to account for misconduct, resulting in dawn arrests and criminal prosecutions, and very substantial sums of money in civil damage awards and costs. The events of the last year cannot help but have a substantial and lasting impact not only on NI, but on the press itself.

224 Through all this, I remain committed to NI and all our titles, to the men and women who have built these businesses, and to our readers and our audience who count on us to deliver a great paper every day. I am proud that, through the introduction of new technology and the move of our titles to Wapping, we led the way for our own titles and all other newspapers to flourish, providing readers in the United Kingdom with the most vibrant press in the world. I am proud that, through our efforts and support, we grew satellite television from a failing business to a dynamic alternative source of news and entertainment for our audience, and tens of thousands of jobs for our employees.

225 All of us regret that some of our colleagues fell far short of what is expected of them. I feel great personal regret that we did not respond more quickly or more effectively. This company has been my life's work, and I feel a strong sense of responsibility for everything we do and fail to do. But I am committed to demonstrating that the talented men and women at our titles can continue to turn out world class newspapers, following the highest ethical and legal standards, and play a critical role in our democracy.

I believe that the facts stated in this ~~witness~~ statement are true.

Signed ...



Dated

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13-4-2012