

Mr John Whittingdale OBE MP
Chairman
Culture, Media and Sport Committee
House of Commons
7 Millbank
London
SW1P 3JA

12 March 2012

Dear Mr Whittingdale

Following recent reporting and commentary on my relocation to New York, I would like to affirm strongly to your Committee that I remain committed to assisting all relevant inquiries and investigations, including your deliberations, the Leveson Inquiry, the three separate police investigations and any other inquiries affecting News International, to the fullest extent of my abilities.

It has been suggested that my decision to resign my role at News International reflected past knowledge of voicemail interception or other alleged criminal wrongdoing at News International. This is untrue. I take my share of responsibility for not uncovering wrongdoing earlier. However, I have not misled Parliament. I did not know about, nor did I try to hide, wrongdoing. I do not believe the evidence before you supports any other conclusion.

I gave up the role of Executive Chairman of News International in order to devote myself fully to my existing roles of Deputy Chief Operating Officer and Chairman and Chief Executive Officer, International, of News Corporation, based at the company's headquarters in New York. This move allows me to focus on the further development of News Corporation's international television businesses, which has been my primary focus over the years, and to continue to strengthen the operational performance and risk management processes in our companies around the world. The timing of the announcement related entirely to the completion of my move and follows the successful launch of a Sunday edition of *The Sun* and significant progress and governance reforms at News International.

Your Committee will soon report on whether it was misled during its previous inquiry in 2009. You are presumably still considering all the testimony and material put before you from various witnesses, including extensive evidence submitted by me in oral sessions on 19 July and 10 November 2011 and in written answers to numerous questions submitted by the Committee subsequently.

As Chair of the Committee, you will be keen to ensure that principles of fairness govern the Committee's deliberations and its ultimate report and that my involvement is considered solely according to the evidence that the Committee has received, and in respect of which I

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have had an opportunity to respond. In my evidence submitted to the Committee I expressed my shock and anger at the widespread wrongdoing that has emerged and my frustration that I was not made aware of it sooner, all of which is a matter of great and real regret to me.

With the benefit of hindsight, I acknowledge, as I did to you in my oral evidence, that it would have been better if I had asked more questions, requested more documents and scrutinised them carefully. It would have been better if I had not relied on the people who had assured me that thorough investigations had been carried out and that further investigations were unnecessary, and the statements made by the police to the same effect.

In running a large organisation, it is reasonable, necessary and indeed appropriate to rely on experienced senior executives, who have direct responsibility for certain matters, to handle those matters and to tell their bosses what they need to know. This is what I did. It has been said that I did not ask enough questions. However, the truth is that incomplete answers and what now appear to be false assurances were given to the questions that I asked. As I have said to you before, the Committee was given answers in 2009 which were the same as the answers given to me. The evidence given by Messrs Crone and Myler, in particular, displays inconsistencies on this subject, while my evidence has always been consistent.

Outside your Committee, there has been extensive commentary on my involvement, including a wide range of allegations about my actions. Any reasonable person would agree that the volume of this has been unusually large, sometimes to the detriment of accurate or dispassionate analysis. Forty years of our company's involvement and investment in the UK, which from time to time has been seen as controversial, is plenty of time to make both contributions and mistakes, to win some allies and to have detractors. The challenge for everyone seeking to draw enduring lessons and conclusions is to do so with impartiality that restores balance and objectivity, especially as we wait for the fullness of the various civil, public and criminal procedures to move forward. As you can imagine, this has been an area of acute and deep reflection for me.

In this context, and given the wide range of discussions, comment and conjecture, the breadth of the evidence, and a number of incorrect assertions about the evidence I have given and the role I have played, it is important for me, at this final stage, to highlight again the critical evidence as I know it, and to summarise for you and your colleagues the basic facts surrounding my involvement in these affairs. I hope this is helpful to you.

My role in the business

I started my career with News Corporation in New York in 1997 working in various corporate capacities, and became the Chief Executive Officer of STAR TV in Asia. In 2003 I joined BSkyB, a publicly listed entity in the UK, as its Chief Executive Officer. In December 2007, I rejoined News Corporation as Chief Executive Officer for Europe and Asia. I oversaw subsidiaries, affiliates and joint ventures including Sky Italia, Sky Deutschland, STAR TV, Fox Turkey, a range of Eastern European ventures, joint ventures in Asia and the Middle East and News International. My role was a regional one, overseeing a range of businesses. My primary focus has been television and digital businesses. In 2011 I was appointed Deputy Chief Operating Officer of News Corporation and Chairman and Chief Executive Officer, International, of News Corporation.

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Additionally, I became Executive Chairman of News International in December 2007 when I took over the role from Les Hinton, who had been Chief Executive Officer and Chairman for 12 years, and who relocated to New York when News Corporation bought Dow Jones & Company. From the time I was appointed, it was always the intention to find a replacement Chief Executive Officer for Mr Hinton, to look after the company's day to day affairs on a full-time basis. It was thought that Rebekah Brooks would take over this role and this occurred in June 2009. In the meantime, reporting to me at News International were the four editors, a newly elevated Chief Operating Officer and a Chief Financial Officer, who were primarily running the day to day operations.

As I said in my evidence in July 2011, I was never intimately involved with the workings of the *News of the World* (see my response to Q367), or any of the other newspapers within News International. It was my belief that a newsroom should be run by the editor. Generally, my focus was on the development of corporate structures, budgets, the development of digital products, commercial initiatives and related strategies. The amount of time I spent on News International matters as a percentage of my overall time from December 2007 onwards was necessarily limited. During this time, as well as being in Wapping and at BSkyB's headquarters in Hounslow, I travelled extensively, often spending much of the time outside the UK.

When I took over the role at News International, I was only aware of the voicemail interception issue because it had been reported publicly. However, it was not something that I had focused on during my time at BSkyB, when it occurred. I did not follow the details of the arrests in August 2006 or the subsequent court proceedings, and my understanding when I took over in December 2007 was that this was a historic, isolated issue that had resulted in two people going to jail, and the editor at the time resigning. I had no reason to believe it was anything other than a settled matter as a result of the prosecutions and one from which the company had moved on, having put a new editor at the helm.

The Gordon Taylor case

As indicated in my evidence to the Committee in July 2011, the settlement of the Gordon Taylor case was my first direct involvement with these issues. Prior to 2008 Mr Hinton was in charge, and after summer 2009 Mrs Brooks took responsibility for running News International.

In terms of the detail of the case, I learned in 2011 that Mr Taylor's solicitors first wrote to the company in December 2006 in respect of his claim, and issued proceedings in March 2007. Those proceedings were initially defended by the company. In April 2008, Mr Taylor's solicitors disclosed material obtained from the police and the Information Commissioner, which led the company, in conjunction with its legal advisers, to try to settle the claim. I understand that an initial offer of £50,000 was made by the company on 2 May 2008 and a second offer of £150,000 on 9 May 2008. Had either of these offers been accepted, I do not believe that I would have been told about the Taylor claim at all. A third offer of £350,000 was made on 3 June 2008. Like the first two, it was made without my prior approval, and the evidence presented last year to the Committee shows that each of these amounts was above the relevant authority limits.

As I have testified, the only substantive meeting on the Taylor case was on 10 June 2008 in my office with Mr Myler and Mr Crone, at which I was asked to agree to increase the offer made to Mr Taylor.

Prior to that meeting, there was an email dated 27 May 2008 in which my PA notified me that Mr Myler wished to speak to me that day. There is also a file note made by Julian Pike, a solicitor at the company's lawyers, Farrer & Co, which records a telephone call that Mr Pike had with Mr Myler on 27 May 2008, in which Mr Pike records Mr Myler mentioning having spoken to me about the Taylor litigation. The note included the following important words:

"Les no longer here – James wld say get rid of them – cut out cancer" [sic]

As I told the Committee, when I saw the note of the call for the first time in October 2011, I was interested to read the statement Mr Myler apparently made to Mr Pike, to the effect that I would have said "get rid of them" and "cut out the cancer". I interpreted this to mean that had I been given a full picture of the facts I would have insisted that people suspected of wrongdoing were held accountable (Q1519). I believe this may be why I was given a narrower set of facts than I should have been given at the 10 June 2008 meeting.

The note of 27 May 2008 refers to the opinion of a Queen's Counsel being sought. As the evidence shows, this had in fact been set in train prior to 27 May 2008, at the request of Mr Crone. I understand that Michael Silverleaf QC sent Mr Pike his opinion on 3 June 2008, and Mr Pike forwarded it to Mr Crone. Although I knew the opinion had been obtained, I never saw the opinion and nor, most importantly, was I aware of Mr Silverleaf QC's comments about widespread wrongdoing. As far as I was aware, Mr Silverleaf QC had only been asked to opine on the question of damages. Had Messrs Crone or Myler told me what the opinion said in detail, I would have acted differently.

The 7 June 2008 email chain

On 12 December 2011, lawyers for the Management and Standards Committee sent the Committee a copy of an email dated 7 June 2008 from Mr Myler to me in which Mr Myler requested a meeting on 10 June 2008 and forwarded below an email from Mr Pike to Mr Crone dated 6 June 2008 and an email from Mr Crone to Mr Myler dated 7 June 2008 which forwarded Mr Pike's email. I wrote to the Committee on 12 December 2011, confirming that I had not recalled the existence of the email chain prior to giving evidence to the Committee and, more importantly, stating that I was confident that I only read the request for a meeting and did not read the full email chain. This was because it was received on a Saturday afternoon when I was likely alone with my two young children. My response to Mr Myler, sent from my BlackBerry just over two minutes after he had sent his email, confirmed that I was available on 10 June 2008 for a meeting, and said that I was home that evening (i.e. 7 June) if he wished to speak before then. I have no record, nor recollection, of his calling that weekend. As I have said, I relied solely on the briefing given to me by Messrs Crone and Myler at our subsequent meeting on 10 June 2008.

In the context of the surrounding evidence, it is clear to me that the email chain has been widely misrepresented and misunderstood, as it was not, in any way, a warning by Mr Myler or Mr Crone that voicemail interception was widespread. Rather, the email was specifically about the claim brought by Mr Taylor, which Messrs Crone and Myler were both, as I have

written above, very keen to try to settle. Mr Myler's statement that "unfortunately it is as bad as we feared" relates to the likely amount of money it would take to settle the Taylor case, and not to voicemail interception generally - i.e. attempts had been made to settle it, those had not been successful and Mr Taylor continued to demand a great deal of money from the company. The "nightmare scenario" mentioned by Mr Crone was not a warning that others were involved in voicemail interception, but a reference to the fact that there could be an additional potential claim by Joanne Armstrong, an associate of Mr Taylor. In fact, the email from Mr Crone actually rebuts a significant piece of evidence supporting the allegations raised in the first email by Mr Taylor's solicitor. According to Mr Crone, the key piece of evidence, a recording of a journalist who was not Mr Goodman talking with Mr Mulcaire, the private investigator, is "not one of ours" – i.e. not a *News of the World* journalist. In fact I now understand that the journalist was at the time working for Associated Newspapers.

As I told the Committee in my evidence, I was told at the meeting on 10 June 2008 that we would lose the case, and that it could cost between £500,000 and £1 million (excluding News International's own costs). In light of these figures, it was a reasonable decision to follow the unequivocal advice that had been received and settle.

Had Messrs Crone and Myler wanted to warn me that voicemail interception was more widespread, they could have come to me in April 2008 when the letter was received from Mr Taylor's lawyers. They could have sent me the opinion by Mr Silverleaf QC, or a summary of it, or told me about the allegations made by Mr Goodman at the time of his dismissal that other journalists were involved in voicemail interception. Instead, they chose to address the issue in a short meeting on 10 June 2008 in the context of their fourth attempt to settle the case, giving me enough information to authorise a settlement as a rational business decision. They said nothing that led me to believe a further investigation was necessary.

The "For Neville" email

An email was obtained by Mr Taylor's solicitors from the police and formed part of the disclosure made to the company's lawyers that was passed to Mr Crone in April 2008. This is now referred to as the "For Neville" email but I was not shown a copy of the email at any time in 2008. The email, I now understand, was sent by a *News of the World* employee to an email address used by Glenn Mulcaire. It contained transcripts of a number of voicemail messages and the words "Hello. This is the transcript for Neville". As we now know, that was a reference to the *News of the World's* Chief Reporter, Neville Thurlbeck.

As I explained to the Committee, there are two relevant aspects to that email, only one of which I was made aware of at any time in 2008.

- (1) It was evidence that Mr Mulcaire's interception of Mr Taylor's voicemail messages was connected to the *News of the World*. This is what I was told at the meeting on 10 June 2008.
- (2) It suggested the involvement of at least one other journalist (besides Clive Goodman) at the *News of the World* in voicemail interception, because the transcript was intended "For Neville". That aspect of the email was not explained to me by Messrs Crone and Myler. Although the email is now described as the "For Neville" email, there was no mention of Neville to me at the time, and nor was I shown the email. I

James Murdoch
Deputy Chief Operating Officer
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note that the evidence given by both Mr Crone and Mr Myler on this point is inconsistent. Your Committee will now know that a confidentiality agreement meant that the email could not be shown to anyone who was not a signatory to the agreement. Messrs Crone and Myler were signatories to that agreement. I was not.

I approved the settlement because I was told that the interception which had taken place by Mr Mulcaire was linked to the *News of the World*. I was not told of widespread wrongdoing.

Because the Gordon Taylor case has taken on such significance, it is unsurprising that the nature of this brief meeting is overlooked. Mr Myler was an experienced editor and Mr Crone had been the legal manager for over 20 years. I had every reason to rely on them without reviewing the underlying documents.

A year later, in the summer of 2009, the company formally confirmed the plans for Mrs Brooks, formerly the editor of the *News of the World* from 2000 to 2003, and the editor of *The Sun* from 2003 to 2009, to become Chief Executive Officer. Mrs Brooks handled the company's response to this issue thereafter.

The Guardian article of 2009 and the Committee's subsequent investigation

On 8 July 2009, the Guardian published an article about the Taylor settlement, which asserted that voicemail interception had been more widespread at the *News of the World*. I was overseas at the time, and a copy of the article was emailed to me. I was assured by *News of the World* executives that the matter had been investigated in the past by a firm of outside lawyers and that no evidence had been found. Messrs Crone and Myler gave the same assurances to the Committee in 2009 (Questions 1397, 1405).

In addition, within 24 hours after publication of the Guardian's story, the Metropolitan Police issued a statement saying that the original case had been "the subject of the most careful investigation by very experienced detectives", that no additional evidence had come to light and that no further investigation was required. As I explained to the Committee in July, I believe that it was reasonable to rely on the statement made by the police as well as the statements by executives in the business. Since I arrived in the UK, and indeed for years before that, the Guardian, a commercial competitor, had adopted a highly pejorative tone about many of our activities, investments and executives - the paper had been aggressive in its coverage of News Corporation's various businesses and hence was assumed to be a lesser authority than the police themselves, who were in sole possession, all along, of the complete set of files from their investigation.

Nonetheless, in November 2011, I told the Committee of my regret that the company was too quick and too aggressive in its response to the Guardian. This applies equally to News International's reaction to the report published by the Committee in February 2010. Knowing what I now know, I am sorry that the company did not conduct a full investigation into the facts in response to the Committee's report.

I have tried to make clear that I am not someone who tolerates wrongdoing and, as I said to you in my evidence in July 2011, illegal behaviour has no place in the company.

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Deputy Chief Operating Officer
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For example, last October, in my role as Chairman and Chief Executive Officer, International, I tasked some of our senior executives responsible for overseeing Europe and Asia to update, refresh and systematise the approach to risk management, anti-bribery and governance across all international units I directly oversee. I wrote to the Committee on 20 February 2012 with details of the improvements in corporate governance at News International that have been made over recent months, and the company is now in a better position.

I played a central role in recruiting Tom Mockridge as News International's new Chief Executive Officer in July 2011. I helped to engage an outside chairman of the independent Management and Standards Committee. I have always endorsed its separate existence and independence, reporting to Joel Klein and Viet Dinh, both former Assistant Attorneys General of the United States and members of the News Corporation Board, and I have been fully recused from its work. Committee members will have seen its commitment to reform through actions that are taking place. These include the ongoing co-operation with the police investigations, investigations at the other three titles, full disclosure in the civil proceedings and evidence given to the Leveson Inquiry. When I came before you, I vowed that progress would be made and it has been.

The company has also made significant efforts to settle civil cases by apologising to victims and compensating them. Fifty-eight cases have now been settled. I reiterate my personal apology to those who had their privacy invaded.

Clearly, with the benefit of hindsight, I acknowledge that wrongdoing should have been uncovered earlier. I could have asked more questions, requested more documents and taken a more challenging and sceptical view of what I was told, and I will do so in the future. I have sought to explain, however, that it was reasonable for me to rely on my senior executives to inform me of what I needed to know. In this case, the approach fell short. But it is important to note that I did not turn a blind eye: I was given very strong assurances about investigations recently done, and these assurances were echoed by the Metropolitan Police.

However, as I have said, I did not know about, nor did I try to hide, wrongdoing. Whilst I accept my share of responsibility for not uncovering wrongdoing sooner, I did not mislead Parliament and the evidence does not support any other conclusion. I hope this letter is helpful and I know that, as your Committee prepares its final report, you will consider the facts before you, the questions you have asked, and the diligent and transparent approach I have tried to take with you and your colleagues.

Yours sincerely



James Murdoch

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Deputy Chief Operating Officer
Chairman & CEO International