

Andy Coulson
Exhibit AEC/1
01/05/2012

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

EXHIBIT AEC/1

This is the exhibit marked AEC/1 in the witness statement
of Andy Coulson dated 1 May 2012

COMPROMISE AGREEMENT

DATED: 26 February 2007

PARTIES: (1) The "Employer":

News Group Newspapers Limited
1 Virginia Street
London E98 1XY

(2) The "Employee"



RECITALS:

- A. The Employee identifies and asserts that the Employee has, or may have, the various potential claims against the Employer and/or any Associated Company referred to in the Clause headed "Full and Final Settlement" (Clause 9). The parties intend that this Agreement cover all such claims, whether past, present or future and whether or not within the parties' knowledge and/or contemplation at the time this Agreement is executed.
- B. The parties have agreed on the terms of a compromise of such claims and wish to enter into a legally binding Compromise Agreement in the terms set out in this Agreement.

OPERATIVE PROVISIONS:

1 TERMINATION

1. The Employee's employment with the Employer will terminate on 28 February 2007 (the "Termination Date"). With effect from the Termination Date, all the Employee's entitlements will cease save as specified in this Agreement. The Employer will issue the Employee's P45 made up to the Termination Date. All accrued salary due up to the Termination Date has been paid through payroll in the normal manner. The Employee will also be paid through payroll in the normal manner the sum of £4,025 in respect of accrued holiday entitlement due to the Employee as at the Termination Date.

2. EXPENSES

2.1 The Employer will reimburse the Employee for all outstanding business expenses properly and reasonably incurred by the Employee up to the Termination Date within 10 days of any claims relating thereto being

submitted to the Employer, provided that any claims are submitted within 10 days after the date of this Agreement and comply with the Employer's rules and procedures relating to expenses and the production of satisfactory evidence of expenditure.

3. PAYMENTS

3.1 Subject always to the Employee complying in full with the obligations of the Employee under this Agreement, the Employer will pay to the Employee without admission of liability and by way of compensation for termination of employment, the sum of [REDACTED] ('the Termination Payment') of which:-

- (a) [REDACTED] will be paid on 6 August 2007; subject to Clause 8 ('Tax Indemnity'), this amount will be paid, as to the first [REDACTED] thereof, gross and free of tax and, as to the balance, subject to deduction by the Employer of income tax at the basic rate applying on the date that such payment is made; and
- (b) [REDACTED] will be paid on 6 November 2007, subject to deduction by the Employer of income tax at the basic rate applying on the date that such payment is made; and

3.2 The Employer will also pay to the Employee the sum of [REDACTED] as a payment in lieu of the Employee's contractual notice period of which:-

- (a) [REDACTED] will be paid on 6 March 2007; and
- (b) [REDACTED] will be paid on 6 August 2007; and
- (c) [REDACTED] will be paid on 6 November 2007.

The payments set out in this Clause 3.2 will be subject to such deductions for tax and employee's national insurance as the Employer is by law required to make.

4. PENSIONS AND OTHER MATTERS, AND SHARE SCHEMES AND OPTIONS

4.1 The Employer will write to the Employee as soon as reasonably practicable after the Termination Date setting out details of any accrued share scheme rights, pension rights and available options under the Employer's pension scheme and, in any event, within 30 days of the date of this Agreement. Without limitation, these rights will include those set out at Appendix 1 to this Agreement. For the avoidance of doubt, the Employee shall retain entitlement to any such accrued rights and options, notwithstanding any payments to be made to the Employee under the provisions of this Agreement and the Employer will take such measures as the Employee may reasonably direct in respect of such rights and options, including, without limitation, in respect of the transfer of any such accrued rights to a new pension provider, subject always to the rules of the relevant pension scheme.

- 4.2 The Employer also agrees as soon as reasonably practicable to provide to News Corporation an unreserved recommendation that consent be given by News Corporation to:
- (a) the retention by the Employee of those Restricted Stock Units ("RSUs") currently held by him that would ordinarily vest in August 2007 (the "Vesting Date") until vesting;
 - (b) the vesting of such RSUs on the Vesting Date notwithstanding the termination of the Employee's employment on the Termination Date;
 - (c) the retention by the Employer of such number of shares of Class A Common Stock in News Corporation as he is awarded (following the sale of such number of shares as is required to account for applicable income tax and national insurance) upon the vesting of the RSUs, to rank pari passu with all other such News Corporation shares.
- 4.3 The Employer will continue to provide private medical cover for the Employee, the Employee's spouse and any unmarried children under the age of 21 until the earlier of (i) the date falling three years after the Termination Date and (ii) the date upon which the Employee commences any employment in respect of which a similar benefit is provided to the Employee. The Employee undertakes to notify the Employer as soon as reasonably practicable should clause 4.3(ii) apply.
- 4.4 The Employer shall arrange for the transfer to the Employee of the Employee's company car, at no cost to the Employee, within 14 days following the date of this Agreement and, for the avoidance of doubt, following such transfer, the Employee will be liable for all costs and expenses relating thereto.
- 4.5 The ability of the Employee to exercise any rights under relevant share schemes and in respect of any share options shall be subject to the rules of the relevant scheme (s).
- 4.6 To the extent that it is lawfully able to do so, the Employer will pay any reasonable professional (including, without limitation, legal and accounting) costs and expenses properly incurred by the Employee after the Termination Date which arise from his having to defend, or appear in, any administrative, regulatory, judicial or quasi-judicial proceedings as a result of his having been Editor of the News of the World.

5 LEGAL COSTS

- 5.1 Where the Adviser (as defined below) is a solicitor, the Employer will pay the Employee's reasonable legal costs to a maximum amount of £2,000 plus VAT on receipt of a copy of an invoice from the Employee's solicitor addressed to the Employee, marked as payable by the Employer, which indicates that it relates only to advice in connection with the termination of the Employee's employment.

6 COMPANY PROPERTY

- 6.1 The Employee confirms and agrees that the Employee has returned to the Employer, in good working order (where applicable), all property of the Employer and any Associated Company including, but not limited to, documents and disks, laptop computer, mobile telephone, Blackberry, PDA or similar device, credit cards, equipment, keys and security passes, which has been in the Employee's possession or under the Employee's control, without the Employee or anyone on the Employee's behalf having retained copies of any of them. Documents and disks include, but are not limited to, correspondence, files, e-mails, memos, reports, minutes, plans, records, surveys, software, diagrams, computer printouts, floppy disks, manuals, customer documentation and any other medium on which information of the Employer or any Associated Company is stored.
- 6.2 The Employee confirms and agrees that the Employee has not (without the prior consent of the Employer) retained any of the property referred to in the preceding sub-clause or passed any Confidential Information thereon or therefrom to any third party or retained any ability to access any of the information referred to in the preceding sub-clause.

7 SECRECY/CONFIDENTIALITY

- 7.1 The Employee agrees that, in consideration of the payment to the Employee of £100 less any tax and national insurance contributions that the Employer is required by law to deduct:
- (a) subject to any regulatory and Inland Revenue requirements and the Employee's right to supply a copy of this Agreement to a court of competent jurisdiction and to disclose its terms to the Employee's spouse, children and parents but not otherwise, the existence and terms of this Agreement, the Employee's claims as settled by this Agreement and all the circumstances surrounding such claims and/or their settlement are strictly confidential and will not be disclosed, communicated or otherwise made public by the Employee except insofar as is necessary for the purpose of taking legal and/or financial advice from a suitably qualified professional adviser or advisers or otherwise as is required by law;
 - (b) the Employee will not make, or cause to be made, directly or indirectly, any statement or comment to any person (including, without limitation, to the press or any other media) which might injure, damage or impugn the good name, reputation or character of the Employer, any of its newspapers and/or any Associated Company (including any of its or their directors, officers, employees or shareholders) or which is reasonably capable of damaging the business of the Employer, any of its newspapers or any Associated Company. The Employee will also take all reasonable steps to ensure that no person under the Employee's influence or control makes any such statement or comment;

- (c) the Employee will not represent himself as continuing to be employed by or connected with the Employer and/or any Associated Company;
- (d) the Employee will not make use of the names or trade marks or service marks of the Employer and/or any Associated Company for any business, commercial, industrial or other similar purpose whatsoever, whether or not for economic gain;
- (e) the Employee has not infringed, and will not infringe, or procure the infringement of, the goodwill, service and trade marks, copyright, design rights, patents, technical know-how or, without limitation, any other industrial, commercial or Intellectual property belonging to the Employer and/or any Associated Company;
- (f) the Employee has not and, without the prior written consent of the Employer, will not at any time in the future divulge or make use of (whether directly or indirectly and whether for the Employee's own or another's benefit or purposes) any Confidential Information. This obligation will not apply to any information in the public domain (other than as a result of the Employee's breach);
- (g) the Employee confirms and acknowledges, for the avoidance of doubt, that he will remain bound (in accordance with its terms) by clause 20 (Restrictive Covenants) (as amended hereby) of his contract of employment and agrees that clause 20.4 shall be deleted and replaced as follows:- "For a period of 9 months after the Termination Date, the Editor shall not act as Editor or Deputy Editor of (or be in any way connected in a senior capacity with) any Competitor provided that nothing in this Clause 20.4 shall prevent the Editor from providing, as a contributor on normal freelance terms, written material intended for publication."; and
- (h) the Employee will, if requested by the Employer or any Associated Company, comply with any reasonable request for assistance in respect of any internal investigation, or administrative, regulatory, judicial or quasi-judicial proceedings where the Employee has in his or her possession or knowledge any facts or other matters which the Employer or the Associated Company reasonably considers relevant to such matter, including, but not limited to, giving statements and affidavits, meeting with legal and other professional advisers, attending any legal hearing and giving evidence. The Employer or the Associated Company will reimburse the Employee for the cost of reasonable professional (including, without limitation, legal and accounting) advice and expenses and/or loss of earnings, properly incurred or suffered by the Employee in giving such assistance.

7.2 The Employer agrees that the circumstances surrounding the Employee's claims as settled by this Agreement are strictly confidential and will not be disclosed, communicated or otherwise made public by the Employer except insofar as is necessary for the purpose of taking legal and/or financial advice from a suitably qualified professional adviser or advisers or as otherwise required by law.

7.3 The Employer will not make or cause to be made, directly or indirectly, any statement or comment to any person (including, without limitation, to the press or any other media) which might injure, damage or impugn the good name, reputation or character of the Employee.

7.4 Nothing under this Clause shall operate so as to affect the Employee's rights under the Public Interest Disclosure Act 1998.

8 TAX INDEMNITY

8.1 Whilst the parties believe the Termination Payment, or the first £30,000 thereof (as the case may be), to be exempt from tax and National Insurance liability, the Employer makes no warranty as to the taxable status of the Termination Payment or of any benefits given or to be given under this Agreement.

8.2 Save where otherwise specified in this Agreement, the Employee agrees to be wholly responsible for any and all income tax and employee National Insurance contributions which may at any time be found to be owing on or in respect of the payments and arrangements contained in this Agreement (excepting those deductions made by the Employer at source in respect of any such liabilities and any penalties or interest referable to such deductions). The Employee agrees to indemnify and keep the Employer indemnified on a continuing basis against all such taxes and contributions, and any penalties, interest and reasonable costs arising in connection therewith. This indemnity shall not apply to the extent that the liability in question is attributable to unreasonable delay in making a payment by the Employer.

8.3 If the approach to taxation and National Insurance contributions taken by the Employer in relation to this Agreement is challenged by any relevant authority, the Employer will endeavour to consult with the Employee before making any further payment in respect of income tax and employees' National Insurance contributions for which the Employee would be responsible under the indemnity given in clause 8.2 above.

- 8.4 The Employer will co-operate in all reasonable respects with the Employee's lawful and reasonable request to minimise or extinguish any liability for any such income tax or national insurance as is referred to in the previous sub-clause and, so far as it lawfully can, will not do or omit to do anything which could result in the Employee's tax liability under this Agreement being increased. The Employer agrees to notify the Employee as soon as reasonably practicable of any claim by the Inland Revenue against the Employee for tax or national insurance contributions of which the Employer is notified by the Inland Revenue so that the Employee and/or the Employee's professional advisers can respond to such claim. The Employer will provide the Employee with any copy correspondence and documentation from the Inland Revenue relevant to the above matters.

9 FULL AND FINAL SETTLEMENT

- 9.1 Without any admission of liability by the Employer, the Employee accepts the terms of this Agreement in full and final settlement of any and all of the claims which the Employee has or may have against the Employer or any Associated Company (including any of its, or their, officers, directors, servants, agents, contractors, shareholders and employees) arising out of or in connection with the Employee's employment and/or the termination thereof (save in respect of fraud by the Employer), whether such claims arise under English law, European Community law or under the law of any other jurisdiction ("Potential Claims").
- 9.2 In particular, but without limitation, the waiver and release by the Employee in the previous sub-clause extends to:-
- a) any claim for breach of contract (including any breach of trust and confidence), whether brought before an Employment Tribunal or otherwise; and
 - b) any statutory claims which the Employee has, or may have, in relation to:-
 - unfair dismissal
 - unlawful deduction from wages
 - redundancy payment

The claims set out in this Clause (together, the "Employee Claims") are claims which it is recognised that the Employee has or may have arising out of the Employee's employment and its termination.

- 9.3 The Employee acknowledges that the Termination Payment is intended to include any statutory award to which the Employee may be entitled in respect of any of the Employee Claims or the Potential Claims and that it would not be just or equitable for the Employee to receive any further compensation.
- 9.4 This Agreement does not affect the Employee's accrued rights arising out of membership of the Employer's or any Associated Company's

pension scheme nor any personal injury claim of which the Employee is not aware at the date of this Agreement.

- 9.5 The Employee warrants that the Employee is not aware of any circumstances that could give rise to any personal injury claim, and that there is no such claim pending, in each case as at the date of this Agreement.
- 9.6 The Employee agrees to refrain from instituting or continuing before an Employment Tribunal or any court or regulatory body any complaint by the Employee against the Employer or any Associated Company in respect of any of the Employee Claims or the Potential Claims.
- 9.7 The Employee warrants that the Employee, having taken independent legal advice, has no other potential claims of any nature other than the Employee Claims.
- 9.8 The Employer accepts that the terms of this Agreement are also in full and final settlement of any claims (save in respect of any fraud committed by the Employee) that the Employer and any Associated Company has or may have against the Employee arising out of or in connection with the Employee's employment, or its termination, whether such claims arise under English law, European Community law or under the law of any other jurisdiction.
- 9.9 The Employee acknowledges that the Employer is entering into this Agreement in specific reliance on the acknowledgements, agreements and warranties in this Clause and that, without prejudice to any other remedy the Employer may have, the Employer shall be entitled to require the immediate repayment of the Termination Payment should any of such acknowledgements, agreements and warranties be breached or be found to be untrue.

10 WARRANTY

10.1 The Employee warrants and represents that:

- (a) prior to the signing of this Agreement, the Employee has received independent advice from a relevant independent adviser (within the meaning of Section 203(3A) of the Employment Rights Act 1996) whose details are set out at the end of this Agreement ("the Adviser") as to the terms and effect of this Agreement and, in particular, its effect on the Employee's ability to pursue the Employee's rights before an Employment Tribunal or Court;
- (b) the Employee was informed by the Adviser, when the Adviser gave the advice referred to in sub-paragraph (a) above, that there was in force a policy of insurance (or an indemnity provided for members of a profession or

professional body) covering the risk of a claim by the Employee arising in consequence of the advice.

10.2 The Adviser by signing this Agreement confirms and agrees that the statements in the above sub-clauses (a) and (b) are true.

10.3 The parties confirms that is the parties are entering into this Agreement voluntarily, without reservation and with the intention that it will be binding as a compromise agreement, and the parties agree that the conditions regulating compromise agreements under the Acts have been satisfied.

11 ENTIRE AGREEMENT

The terms of this Agreement constitute the entire agreement between the parties. The parties acknowledge that they are not entering into this Agreement in reliance upon any representation, warranty or undertaking, which is not contained in this Agreement.

12 SEVERABILITY

The unenforceability of any provision of this Agreement shall not affect the enforceability of all remaining provisions. It is agreed that each obligation under this Agreement is separate and severable and any such unenforceable provision shall be deemed not to be part of this Agreement.

13 APPLICABLE LAW AND ENFORCEMENT

13.1 This Agreement will be governed and construed in accordance with English law and the parties irrevocably submit to the exclusive jurisdiction of the English courts to settle any disputes which may arise in connection with this Agreement.

13.2 Save for any Associated Company and, solely where expressly referred to in this Agreement, any person being a director, officer, agent or employee of the Employer or any Associated Company at the date of this Agreement, a person, firm, company or organisation who or which is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

14 DEFINITIONS

14.1 For the purposes of this Agreement, "Associated Company" means a company which is for the time being a holding company (as defined by section 736 of the Companies Act 1985) of the Employer; or a subsidiary (as so defined) of the Employer or of any holding company of the Employer; or a company over which the Employer or any holding company of the Employer has control within the meaning of Section 840 of the Income and Corporation Taxes Act 1988, or a subsidiary undertaking as defined by Section 258 of the Companies Act 1985.

14.2 For the purposes of this Agreement, "Confidential Information" means a "trade secret" (as such term would ordinarily be understood) or any

information (a) which the Employee acquires at any time during his employment with the Employer but which does not form part of his own stock in trade; and (b) which is not readily ascertainable to persons not connected with the Company or any Associated Company either at all or without significant expenditure of labour, skill or money.

NOTWITHSTANDING THAT THIS AGREEMENT IS MARKED WITHOUT PREJUDICE AND SUBJECT TO CONTRACT, WHEN SIGNED BY ALL PARTIES IT WILL BECOME OPEN AND BINDING.

DULY SIGNED BY OR ON BEHALF OF THE PARTIES

The Employee

.....

The Employer

[Signature box]

[Stamp box]

NAME OF SIGNATORY: **LES HINTON**
FOR AND ON BEHALF OF THE EMPLOYER FOR ITSELF AND AS
AGENT FOR EACH ASSOCIATED COMPANY

The Advisor

.....

NAME:

POSITION/PROFESSIONAL STATUS:

NAME OF FIRM/ORGANISATION AND ADDRESS:

FORM OF REFERENCE

[Date]

[Co Name]
[Address]

Dear Sir/Madam

Re: [EMPLOYEE]

Thank you for your letter concerning the above named person.

Please be advised that it is not the policy of [EMPLOYER] to give detailed references in respect of its employees. However, I can confirm that [EMPLOYEE] was employed by [EMPLOYER] for [] years as [POSITION HELD].

The information given above is in strict confidence and without legal responsibility.

Yours faithfully

Appendix 1

[REDACTED]