

News Corporation

K.R. Murdoch

First Statement

"KRM7"

12 April 2012

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

EXHIBIT "KRM7"

This is the exhibit marked "KRM7" referred to in the witness statement of Keith Rupert Murdoch dated the 12th day of April 2012.

TIMES NEWSPAPERS HOLDINGS LIMITED

PRIVATE & CONFIDENTIALMINUTES

of a Meeting of the Editorial Vetting Committee
of Times Newspapers held at 4 Stratford Place,
on Wednesday, January 21 1981 at 6.00 p.m.

PRESENT: Sir Denis Hamilton Chairman
Lord Dacre
Lord Greene
Lord Roll Directors
Mr. H. Evans (Editor - The Sunday Times)
Mr. W. Rees-Mogg (Editor - The Times)

IN ATTENDANCE: Mr. Rupert Murdoch (News International)
Mr. W. MacLeod (Secretary)
Miss Enid Knowles (Executive Assistant
to the Chairman)

APOLOGIES FOR
ABSENCE: Lord Robens

MINUTE NO.

1

BIDDER FOR TNHL

The Chairman informed the Committee that the meeting had been called in order to meet Mr. Rupert Murdoch who has emerged as the most suitable future proprietor of the Company based on the information provided by TBH, on seven organisations who have signified their interest in the purchase of the shareholding and assets of Times Newspapers Holdings Limited. He recalled to the Committee that at the December 1 meeting of the Board, the Directors, after discussions with the Editors, agreed on criteria by which the applicants would be judged. Mr. Murdoch would be joining the meeting later, in order to meet the Committee and answer questions. The Committee then discussed an extract from the draft contract which refers to assurances to be given in the event of completion with regard to maintenance of the Titles, resources required to continue to develop the Titles as editorially independent newspapers of high quality, the structures of the Boards of both the Company and TNL, affirmation with regard to the continuance of the Independent National Directors, and an agreement that none of the shares in the capital of the Companies or any of the Titles or assets be acquired by any person other than the purchaser.

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INITIALS

- 2 -

After discussion the following points were noted:-

- The present Articles of both the Company and TNL are unclear with regard to the precise responsibilities and duties of the Independent National Directors. These will have to be considerably tightened.
- The total independence of the Editors of all Titles and the procedures with regard to their appointment and dismissal is of prime importance.
- The editorial quality and integrity of the Titles and their future ownership must be clearly documented in the Contract of Sale and made public. This could be achieved by depositing with the Secretary of State.
- With regard to the ownership of the shares of the Companies, these must not be held directly by News International or as Subsidiaries of that Company. A parallel or other arrangement must be made.
- Assurances should be given with regard to maintaining the commercial future of The Times which has been crippled by Fleet Street costs.
- One Independent National Director should be appointed from the editorial staff and consideration should be given to extending their present tenure of office from the current yearly basis to a fixed period of e.g. three years. If this is agreed it would greatly enhance co-operation from the staff.
- In the tradition of Times Newspapers the new proprietor should acknowledge the current and past relationships between the Editors, the Management and the Proprietor.

(Mr. Rupert Murdoch joined the meeting)

The Chairman welcomed Mr. Murdoch and introduced him to the Committee. He informed him that out of seven possible future proprietors he had emerged as the most suitable bidder. He also informed him of the purpose of the Vetting Committee, which had been set up to ensure that certain criteria were met to their satisfaction. After this meeting a Board meeting of Times Newspapers Holdings Limited would be held and he would report the outcome to them.

Mr. Murdoch thanked the Chairman and provided some information on his own background. He came from an Australian newspaper family and had learned the business in a traditional way. He did not have the resources of Lord Thomson but he was fully prepared to put all his energy into the Company and could see, long term, the viability of the Titles. He has had to deal with difficult situations in the past but he has always been prepared to see them through. He has always been a working proprietor and would continue in that role.

.../3

- 3 -

In reply to various questions Mr. Murdoch commented as follows:-

- he sees the role of the Independent National Directors as a court of appeal for the Editors. He agrees with the independence of the Editors. He is aware of the fact that Mr. William Rees-Mogg wished to give up the editorship of The Times after a period. He hoped that Mr. H. Evans would continue as Editor of The Sunday Times.
- he could see the expansion of the Board of Holdings by an increase in the number of Independent National Directors possibly to six, of which two would be re-appointed every three years. He would be Chairman of TNL and be on the Board of Holdings. He would probably appoint Lord Catto (Morgan & Grenfell's bank) to the Holdings Board.
- he agreed to the alteration to the Articles on such revisions as are required, on e.g. the responsibilities of the Independent National Directors and the appointment of the Editors.
- with regard to the Resolution passed by JOTT (basically the same as The Sunday Times Chapels views), he was not prepared to accept the condition in the second half of paragraph (d) which reads "The Board is to appoint the Editor who is to be acceptable to the body of journalists as a whole". In general he goes along with the spirit of Journalists of The Times/Sunday Times' objectives but at this stage cannot commit himself on how staff views might be represented. However he suggested that perhaps the appointment - selected not elected - of a really responsible journalist to the Board would meet this objective.
- he will talk to his lawyers and accountants with regard to setting up Holdings etc not as subsidiaries of News International but in some parallel fashion. The tax implications would be looked into.
- he agreed that the three Supplements were of importance to the whole Company and would be continued. It was also important to maintain their link with The Times.
- he agreed with the future development of The Sunday Times and the Colour Magazine. He could foresee the paper being printed on a Friday, increased in size, and possibly in price. The popular papers are now entering the magazine field and this could affect the advertising take of the Colour Magazine.

.../4

- 4 -

- he noted that Times Newspapers has refused to impose a Closed Shop in Journalism. He said he would "fight to the bitter end" to maintain this policy.
- he agreed to the total budget concept prepared annually and reviewed every six months with each Editor's right to spend at discretion within agreed budgets.
- he agreed that the Editors must have direct access to him, co-operation at all times with the Managing Director, and full discussion with the Proprietor.
- he accepted the detailed JOTT/ST rules on the Editor's sole control of his staff. Only the Editor or those to whom he had delegated authority could give instructions to a journalist.
- the Editors would have complete authority over the selection of news and opinion and on political issues he agreed that the Editors must have the last word. This would apply even if the views they expressed differed one from the other or from that of any other newspaper in which Mr. Murdoch may have an interest.

He accepted the fact that investigations in the public interest such as the thalidomide case, Crossman Diaries, DC 10 disaster etc can be costly in terms of libel or loss in circulation, he faced this all the time with his other newspapers. He would hope to continue the tradition but he must be kept fully informed at all times on major issues like this.

- agreed that Editors make all editorial appointments and dismissals but that he be consulted with regard to senior appointments.
- he would be fully prepared both to see the Secretary of State and to lodge with him such documents as are required to ensure that public notice has been given on assurances.

(Mr. Murdoch left the meeting)

In closing the meeting the Chairman said that formal Resolutions were not necessary until the bid is made unconditional. It was intended that a Press Conference be held tomorrow when a joint statement would be presented from TBH and the Vetting Committee. The statement to be agreed by Mr. Murdoch.

It was agreed that the Committee statement be drafted by Mr. W. Rees-Mogg and Mr. H. Evans for consideration of the Board of Holdings to be held later in the evening.

The Committee agreed to recommend Mr. Murdoch to the Board as the bidder acceptable to them.

The meeting was then closed.