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

SUPPLEMENTARY WRITTEN EVIDENCE OF THE RT HON GEORGE OSBORNE MP

I submit this second statement to the Inquiry in response to the Inquiry's letter dated 3 May.

Particularisation of question 5:

“Did you at any time discuss with anyone from News International, or anyone representing that company's interests, its bid to increase its holding in BSkyB? If so please give a full account of any such discussions, including relevant documentation.”

Please answer this question so as to cover:

- a. discussions conducted not only by you but also by anyone acting in your interests or on your behalf, including any official or special adviser;**
- b. discussions with anyone from News Corporation, or anyone representing that company's interests or acting on behalf of News Corporation (for example Rupert Murdoch, James Murdoch, Frederic Michel, Matthew Anderson and Jeff Palker);**
- c. any other forms of communication between you, or anyone acting in your interests or on your behalf, with anyone from News International or News Corporation or anyone acting on behalf of either entity;**
- d. all communications (in whatever form) conducted by you, or anyone acting in your interests or on your behalf, with anyone from BSkyB or anyone acting on behalf of BSkyB, relevant to News International / News Corporation's bid to increase its holding in BSkyB in 2010 and 2011.**

5.1 I have dealt comprehensively with discussions I have had on the BSkyB bid with News International, News Corporation, BSkyB, or anyone representing their interests, in paragraphs 5.1 and 5.2 of the written evidence I provided on 4 May 2010.

5.2 This supplementary request asks more broadly about other forms of communications on the BSkyB bid between me, or anyone acting on my behalf, and anyone from News Corporation, News International or BSkyB, or anyone representing their interests. I have conducted a search of available records and have not found any communications about the BSkyB bid from me to anyone at News International, News Corporation or BSkyB, or anyone representing their interests. The Treasury played no part in the BSkyB bid process and I would not have expected to have been involved in any way.

5.3 Turning to officials, special advisers and others who might act on my behalf, an email from Frédéric Michel to James Murdoch on 9th November 2010, submitted to the Inquiry as part of Exhibit KRM 18, describes a meeting between Mr Michel and my special adviser Rupert Harrison. It is not unusual for special advisers to meet representatives from business and the media. I would not expect to be routinely informed about them and I was not informed about this meeting.

5.4 The email refers to the BSkyB bid process but not to its substance. Mr Harrison has since told me that the meeting was a general discussion, not focused on the BSkyB bid, and that he made clear to Mr Michel that the bid was subject to a quasi-judicial process that neither he nor I were part of. The email refers to the regulatory process and states that “the case would be made to BIS”. Mr Harrison does not believe he made any such statement. Mr Harrison has told me that he has never discussed the BSkyB bid with any Minister, special

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adviser or official at BIS. Officials have searched available Treasury records and have not found any communications about the bid between Mr Harrison and BIS. The same is true for my other three special advisers – Eleanor Shawcross, Ramesh Chhabra and Poppy Mitchell-Rose.

5.5 The email refers to an "ongoing dialogue in weeks to come" between Mr Michel and Mr Harrison. Mr Harrison has told me that there was no ongoing dialogue with Mr Michel about the bid. Officials have searched available Treasury records and have not found any communications between Mr Michel and Mr Harrison, or indeed between Mr Michel and any of my other special advisers. I am not aware of any other correspondence referring to Mr Harrison being submitted to the Inquiry by News International as part of the written evidence made public at the time of James and Rupert Murdoch's testimony.

5.6 Apart from the conversation between Mr Harrison and Mr Michel mentioned above, none of my special advisers recall any conversations relating to the bid with anyone from News International, News Corporation or BSkyB, or anyone representing their interests. Officials have searched available Treasury records and they do not contain any communications relating to the BSkyB bid between any of my special advisers and anyone from News International, News Corporation or BSkyB, or anyone representing their interests.

5.7 With permission of the Chief Secretary to the Treasury, Danny Alexander, Treasury officials have also searched available records for any communications on the bid from the Chief Secretary's Special Advisers – Will de Peyer and Julia Goldsworthy – and anyone from News International, News Corporation or BSkyB, or anyone representing their interests. The only record is an email from Frédéric Michel to Julia Goldsworthy, dated 3 November 2010, requesting a meeting with the Chief Secretary "to update him on the current Sky transaction and also on News Corp's plans in the UK/Scotland/Europe in the coming months". Ms Goldsworthy forwarded the email to the Chief Secretary's private office and on instruction from the Chief Secretary declined the invitation by telephone with Mr Michel. Copies of the relevant emails are at Annex A. Neither Mr de Peyer nor Ms Goldsworthy recall having any conversations relating to the bid with anyone from News International, News Corporation or BSkyB, or anyone representing their interests.

5.8 As set out above, the Treasury played no part in the BSkyB bid process. I would not have expected to have received any advice relating to it from Treasury officials, given that it was not in my remit as Chancellor and I was not involved in the quasi-judicial process. A search of my office's records shows that I did not receive any advice from Treasury officials or Special Advisers on the BSkyB bid. The records of the Treasury officials with responsibility for digital policy have also been searched. No communications relating to the bid have been found between them and anyone from News International, News Corporation or BSkyB, or anyone representing their interests. There are also no records of any communications on the bid between those Treasury officials and either BIS or DCMS.

5.9 The Chief Secretary to the Treasury received a letter dated 16th December 2010 from Jon McLeod, Chairman of Weber Shandwick Public Affairs on behalf of BT, Guardian Media Group, Associated Newspapers, Trinity Mirror, Northcliffe Media and Telegraph Media Group on the proposed BSkyB takeover. This was copied by the Chief Secretary's office to my office and to Treasury officials. The email response dated 18 January 2011 from the Treasury Regulation team states: "This is a nil response – the issue is solely for the DCMS Secretary of State and the relevant competition authorities". 'Nil response' is the standard phrase used by HMT officials to indicate that a response is not required or appropriate and no further action is needed. No further action was taken. Copies of these documents are at Annex B.

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5.10 The only other email or advice sent to Treasury Ministers on the B Sky B bid was briefing provided by Treasury officials to Mr Alexander on 31 January 2011 in advance of a dinner between him and Mr Hunt. The brief made clear that Mr Alexander should not raise the bid as the decision was a quasi-judicial process which was not subject to collective decision making procedures. A subsequent email records feedback from Mr Alexander's office that none of the issues raised in the briefing were discussed at the dinner. Copies of these documents are at Annex C.

Particularisation of question 6:

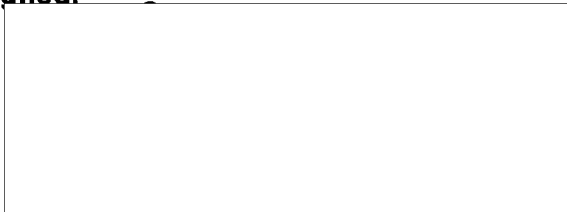
"Have you at any time, whether before or after the 2010 General Election, discussed with Jeremy Hunt or Vince Cable the possibility of News International taking a larger stake in B Sky B, or discuss the B Sky B bid specifically? If so, please explain the full nature and purpose of any such discussions and disclose any record of what was discussed."

Please answer this question as if the reference to News International referred also to News Corporation.

6.1 I refer to my answers at paragraphs 6.1 to 6.3 of my first statement, and confirm that the remarks I made there regarding News International apply equally to News Corporation.

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

Signed:



11th May 2010

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