

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

PRIVATE & CONFIDENTIAL

WITNESS STATEMENT OF: ADAM JOHN SMITH
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I, ADAM JOHN SMITH, c/o Whittington House, Alfred Place, London, WC1E 7EA WILL SAY as follows:-

1. Until I tendered my resignation on 25 April 2012, I was Special Adviser to the Rt Hon Jeremy Hunt MP, Secretary of State for Culture, Olympics, Media and Sport. I provide evidence in relation to the circumstances of my resignation later in this Witness Statement.
2. On 4 May 2012, I received, by email, a letter from the solicitor to the Leveson Inquiry ("the Inquiry") which contained a notice ("the Notice") under s.21(2) of the Inquiries Act 2005 ("the 2005 Act"). The Notice requires me to provide evidence to the Inquiry in the form of a Witness Statement and to provide any documents in my custody or under my control which fall into certain categories. I was asked to provide this evidence by 4pm on 18 May 2012.
3. I have, therefore, provided this Witness Statement and the necessary documents within only 8 clear working days of receiving the Notice. Should it transpire that there are any omissions or errors in my Witness Statement, I shall endeavour to assist the Inquiry further. However, to the best of my recollection and belief, the content of this Witness Statement is true.
4. The Notice requires my Witness Statement to cover five main areas and to provide any documents in my custody or under my control relating to those areas. I identify those five areas in bold, below, and, thereafter, I provide my evidence.

Who you are and a brief summary of your career.

5. I studied history at Durham University between 2000 and 2003 and graduated with a 2.1 Hons. degree. During my degree, I focused mainly on political history. It was whilst studying the politics and the political process of 19th Century Britain that I first considered pursuing a career which might relate to politics, but, at that stage, I was unsure what form it might take.
6. After a sabbatical year following graduation, I secured an internship in the summer of 2004 with a public affairs agency, LLM Communications. My role included monitoring parliamentary debates, Select Committee proceedings, and parliamentary questions on behalf of the agency's clients. After three months, I was offered a full time position and I remained at LLM Communications for approximately two years.
7. During my time at LLM Communications, I became familiar with the way Parliament operates. I monitored a number of different Bills' progress through Parliament, regularly attended debates, read and analysed Select Committee reports and generally became familiar with the way British democracy functions. After about two years, I decided I would like to work inside the political process rather than outside looking in.
8. After I had made the decision to move from public affairs and into politics, I looked for a job working for a Member of Parliament. At that time, Jeremy Hunt was recruiting for a Parliamentary Researcher and, after a recommendation from a colleague at LLM Communications who knew him, I had an interview with him and, in June 2006, was appointed as his Parliamentary researcher.
9. In common with other Parliamentary researchers, my responsibilities included drafting letters to constituents; researching facts and figures for Mr Hunt's speeches; and helping him draft Parliamentary questions. At the time, he was playing a leading role in a campaign to save his local hospital with which I became closely involved and my contribution ranged from helping to organise candlelight vigils through to researching and writing a report into the impact closing this hospital would have had on his constituents.
10. During this period, Mr Hunt was the Shadow Minister for Disabled People. I helped him prepare for speeches, suggested parliamentary questions and supported his development of Party policy in this area. My first major piece of policy work was a project examining how to simplify the complicated assessment processes which needed to be followed by disabled people and their families to access benefits. This resulted in Mr Hunt presenting a Ten Minute Rule Bill before Parliament to highlight the issue.
11. I assisted Mr Hunt in developing this research into a fully worked up policy document which outlined the costs to the State of the duplication that occurred within the disability benefits system and which suggested a means by which the process could be streamlined. This was the first of many similar projects with which I was involved.
12. After I had been working with Mr Hunt for a little over a year, in July 2007, he was appointed Shadow Secretary of State for Culture, Media and Sport and he invited me to be his Chief of Staff. In this role, I was responsible for running his Parliamentary office and acted as one of his main policy Advisers,

coordinating the Shadow Culture, Media and Sport team on his behalf. Unlike a Government Department which can have hundreds or even thousands of staff, an Opposition team is relatively small. In addition to Mr Hunt, there were three Shadow Ministers, two Lords' Spokesmen, and two Whips (one for the House of Commons and one for the House of Lords). There were two members of staff from Conservative Party Headquarters working in the team, and each Shadow Minister normally had a researcher supporting them. The whole team was, therefore, made up of about 15 or so people. We all worked incredibly closely together and the key members of the team remained in their positions for nearly three years.

13. During this time, I continued to assist Mr Hunt in his speech writing, research and policy development work. Much of my time was spent helping draft a number of policy documents on a wide variety of topics. I was one of the co-authors of the discussion document 'Plurality in a new media age: the future of Public Service Broadcasting' in which the need for more local television in the U.K. was addressed. I helped edit the Conservative Party's Tourism Task Force Report and drafted its executive summary; oversaw the production of 'Extending Opportunities Through Sport'; contributed a section on broadband to the Conservative Technology Manifesto; and researched and co-wrote the Party's broadband policy position.
14. Each of these projects involved a large number of meetings with external organisations. I would attend the meetings either on my own, with other researchers or with Mr Hunt and other Shadow Ministers. The purpose of the meetings was to consult and to invite a wide range of views because policy is very rarely written in isolation and it is beneficial to obtain the views from those who are going to be affected.
15. After three years of undertaking this type of work, I was able to make a contribution to the drafting of the Culture, Media and Sport sections of the Conservative Party's 2010 General Election Manifesto which included policies on the BBC; broadband; the National Lottery; local television; and the 2012 Olympic and Paralympic Games.
16. During the General Election campaign, I also travelled around the country with Mr Hunt on his national campaign visits and spent a couple of days supporting his local re-election efforts. I was present at his election count and together with the rest of his team, family and friends, participated in the celebration of his re-election after the General Election result in May 2010.
17. During my three years as Mr Hunt's Chief of Staff, and as a consequence of my involvement with his election campaign, we developed a very close working relationship. He came to know my approach to matters and my style, which is generally relaxed, courteous and seemingly accommodating.

General questions about your role as special adviser

Please give a full account of your role as special adviser to the Secretary of State for Culture, Media and Sports, Mr. Hunt. Your account in particular should cover full details of, and any relevant documentation in relation to:

- (a) your job description and terms and conditions of employment, whether formal or informal;
 - (b) your reporting lines and the nature of your day to day supervision and management, including arrangements, whether formal or informal and whether general or specific, for being briefed or instructed by Mr. Hunt, and for briefing or reporting to him;
 - (c) any understanding you had with Mr Hunt, whether general or specific, about the nature and extent of your role and the manner in which you were to fulfill it;
 - (d) your own personal approach to your role, including in relation to making and retaining outside contacts;
 - (e) your day-to-day working, social and personal relationships with Mr. Hunt, including such matters as frequency, nature and means of communication, your office location and arrangements in relation to Mr. Hunt, and the extent to which you were present at his meetings and accompanied him on external engagements;
 - (f) your diary for the period of your tenure of the role.
18. From May 2010 until 25 April 2012, I was one of two Special Advisers in the Department for Culture, Media and Sport (to which I shall refer, throughout this statement, as "the Department"). My colleague, Sue Beeby (later Lisa Hunter when Sue Beeby went on maternity leave in October 2011) was responsible for liaising with the press and media and I was primarily responsible for policy development and had almost no contact with the press.
19. Special advisers are temporary civil servants appointed under Article 3 of the Civil Service Order in Council 1995. However, they are exempt from the general requirement that civil servants should behave with impartiality and objectivity. They are otherwise required to conduct themselves in accordance with the Civil Service Code.
20. The responsibilities of and limits on the activities of Special Advisers are contained in five documents. These documents collectively set the framework within which Special Advisers operate. The documents are: the Civil Service Order in Council; the Code of Conduct for Special Advisers; the Model Contract for Special Advisers; the Civil Service Code; and the Ministerial Code.
21. During my first few days in the Department, I met with the Permanent Secretary, Jonathan Stephens, for a brief introduction and welcome. He referred to the Special Advisers Code of Conduct and provided a copy to me and to Ms Beeby at the time he gave us our contracts of employment, which were in the form of the Model Contract for Special Advisers.

22. The Special Advisers Code of Conduct, at clause 2, explains the nature of the role of a Special Adviser, in the following terms:-

“Special advisers are employed to help Ministers on matters where the work of Government and the work of the Government Party overlap and where it would be inappropriate for permanent civil servants to become involved. They are an additional resource for the Minister providing assistance from a standpoint that is more politically committed and politically aware than would be available to a Minister from the permanent Civil Service”.

23. The types of work which a Special Adviser can be expected to undertake are described at clause 3 of the Code, as follows:-

- 23.1 reviewing papers going to the Minister, drawing attention to any aspect which they think has party political implications, and ensuring that sensitive political points are handled properly. They may give assistance on any aspect of departmental business, and give advice to their Minister when the latter is taking part in party political activities;
- 23.2 "devilling" for the Minister, and checking facts and research findings from a party political viewpoint;
- 23.3 preparing speculative policy papers which can generate long-term policy thinking within the Department, including policies which reflect the political viewpoint of the Minister's Party;
- 23.4 contributing to policy planning within the Department, including ideas which extend the existing range of options available to the Minister with a political viewpoint in mind;
- 23.5 liaising with the Party, to ensure that the Department's own policy reviews and analysis take full advantage of ideas from the Party, and encouraging presentational activities by the Party which contribute to the Government's and Department's objectives;
- 23.6 helping to brief Party MPs and officials on issues of Government policy;
- 23.7 liaising with outside interest groups including groups with a political allegiance to assist the Minister's access to their contribution;
- 23.8 speechwriting and related research, including adding party political content to material prepared by permanent civil servants;
- 23.9 representing the views of their Minister to the media including a Party viewpoint, where they have been authorised by the Minister to do so;
- 23.10 providing expert advice as a specialist in a particular field;
- 23.11 attending Party functions (although they may not speak publicly at the Party Conference) and maintaining contact with Party members;

23.12 taking part in policy reviews organised by the Party, or officially in conjunction with it, for the purpose of ensuring that those undertaking the review are fully aware of the Government's views and their Minister's thinking and policy.

24. The obligations of a Special Adviser are set out at clause 5 of the Model Contract for Special Advisers in the following terms:-

"Special advisers should conduct themselves with integrity and honesty. They should not deceive or knowingly mislead Parliament or the public. They should not misuse their official position or information acquired in the course of their official duties to further their private interests or the private interests of others. They should not receive benefits of any kind which others might reasonably see as compromising their personal judgement or integrity. They should not without authority disclose official information which has been communicated in confidence in Government or received in confidence from others. The principles of public life set down by the Committee on Standards in Public Life, at Annex B, provide a framework for all public servants".

25. The responsibility for the management and conduct of Special Advisers is that of the Appointing Minister, as is clear from the terms of clause 3.3. of The Ministerial Code:-

"The responsibility for the management and conduct of special advisers, including discipline, rests with the Minister who made the appointment. Individual Ministers will be accountable to the Prime Minister, Parliament and the public for their actions and decisions in respect of their special advisers".

26. At the time of my appointment as Mr Hunt's Special Adviser, I also agreed a job description with the Department's Human Resources team. My job description acknowledged that one of my roles was to represent Mr Hunt inside and outside Government. Although Mr Hunt never gave me precise instructions as to what he perceived my role as Special Adviser to be, this was, I believe, generally understood between us due to the way in which our working relationship had evolved and as a result of the matters I was asked to deal with.

27. Over the two years of my employment as Mr Hunt's Special Adviser, the types of work I undertook can broadly be described, as follows:-

27.1 reviewing the majority of the submissions that were sent to Mr Hunt, and a number of those that were sent to the junior Ministers, to flag what I believed to be the potential political problems or issues which needed bringing to the Ministers' attention;

27.2 helping the Department in the development of policy. Policy officials would ask my opinion as to what Ministers might think about certain issues or ask for my guidance on how best to frame a certain position.

This happened on a daily basis across the whole spectrum of policy areas that the Department is responsible for;

- 27.3 liaising with Special Advisers in other Government Departments to help speed up the policy making process. On some cross-departmental issues it is easier and quicker for Special Advisers to speak to each other in order to learn Ministers' views rather than go through policy officials or private offices. I was often the first "port of call" for officials or Special Advisers from other Government departments who had questions on culture, media and sport issues or who were working on related matters;
 - 27.4 liaising with outside organisations to understand their views on the policy areas for which the Department is responsible and, where appropriate, feeding back to Ministers the views from outside the Department;
 - 27.5 liaising with the Conservative Party including drafting letters to Members of Parliament explaining the policy position Ministers had taken, answering questions and briefing MPs and party staff; and
 - 27.6 occasionally, I would undertake discreet pieces of research or answer questions from Ministers, including the Secretary of State, if they believed I might know the answer, rather than commission a formal submission from policy officials.
28. There were a number of ways I received instructions from, and reported to, Mr Hunt and the Department's senior officials which were a combination of formal and informal means.
29. The most formal reporting line was centred around a fairly structured set of meetings.
- 29.1 Mr Hunt would chair a weekly policy meeting on each of his main priority areas. The purpose of the meetings was to ensure that there was no "drift" on the topics that he wanted to progress. These meetings were held on the following topics - superfast broadband; local television; philanthropy in the arts; the Olympics; the School Games; and tourism. These were attended by policy officials, in some cases the Permanent Secretary and other Ministers, and for some meetings outside guests were also invited. I attended almost all of these meetings and, after each, an action minute would be circulated by the attending Private Secretary. If actions were assigned to me, I would report back at the following week's meeting as to the progress I had made. If I was informed, or if it was clear from the discussions at the meeting, that a particular action point was pressing, I would respond to the minute via email with an update. If Mr Hunt told me that he was particularly interested in the issue, I would go and speak to him, directly, to let him know the progress I was making.
 - 29.2 Mr Hunt would chair communication meetings at the beginning of each week which would be attended by the other Ministers, the Permanent Secretary, press office and communications officials, myself and Ms Beeby. This was a relatively informal gathering looking

to the week ahead and reviewing anything of note which had arisen over the weekend.

- 29.3 Mr Hunt would chair a political meeting later in the week which would be attended by the Ministers and Special Advisers, together with the Departmental Whip, Lords' Spokespeople, coalition colleagues and Mr Hunt's Parliamentary Private Secretary.
- 29.4 Towards the end of the week, the Permanent Secretary would often chair a meeting with the Directors or Deputy Directors of each division of the Department which I would attend, together with Ms Beeby. This was an opportunity to discuss issues that were of concern to the Ministers and to provide updates in our main priority areas.
- 29.5 More informally, because of the relationship I had developed with Mr Hunt and other Ministers, I would meet with them in their offices or we would speak by telephone to discuss matters. Ministers would also often come into the Special Advisers' office, located in one corner of the Ministerial floor, to update us on a particular issue or to ask our advice.
30. The combination of regular meetings, the good working relationship we enjoyed and the years that we had spent working closely together led me to believe that Mr Hunt had a good understanding of how I worked. From my point of view, I believed I understood what Mr Hunt expected of me - namely to be his "eyes and ears" inside and outside of the Department; to act as an early warning system on issues of importance; and to be a "buffer" between him, other Ministers, officials and outside organisations so that he could focus on his work.
31. At all times, I endeavoured to undertake my role as a Special Adviser in an amiable, courteous and diplomatic manner, particularly when dealing with people who might not welcome the way in which the Department was dealing with a particular policy matter. I adopted the same approach when dealing with people inside the Department, as I did outside of it.
32. My feeling that I had understood what was expected of me seemed to be confirmed by the comments made in my performance appraisal in December 2011: -

"Adam is an effective operator; bright, articulate, insightful, extremely well briefed and an effective communicator. He sees his main task as "getting things done". To date he has been very effective at achieving it."

"He is able to be my eyes and ears at meetings I cannot attend and knows exactly what I would want to happen. He is brilliant at handling difficult situations in a civilised way without compromising on core objectives."

"An ideal bridge between the department and Ministers, consistently adds value, and has been particularly adept at handling issues between Ministers."

"Adam is an exceptionally strong performer in my view. He provides SoS with really excellent support, and has played a crucial role in the development and implementation of policy. Adam works incredibly constructively with the department - something which is universally recognised and admired internally and has been pivotal in negotiating and liaising with OGDs - particularly No 10 and HMT. He also takes a leading role in working with Lib Dems in a department that doesn't have a Lib Dem ministers and works closely with Don Foster to secure good cross party relationships."

"Overall I don't think we could ask for a SpAd who is more dedicated to his minister or the department, and who makes a real difference across Whitehall. Some of the areas in which I've found Adam's contribution particularly valuable have been:

- managing sensitive and potentially tricky discussions with the BBC around funding and governance*
- working with us, No.10 and HMT in shaping new initiatives around broadband and mobile infrastructure*
- playing a key role sensitive discussions with all DCMS Ministers on Departmental priorities and trade-offs*
- more widely, being an invaluable sounding board on emerging ideas and reactive issues."*

"This year in particular has been about implementation. He acts as my eyes and ears in "making things happen." I am very proud of the progress achieved but know it would not have been possible without him."

"Adam is always available when needed, always has detailed knowledge of issues under discussion and of the key players and is thoughtful, straightforward, frank and, seemingly, unflappable.

"I know officials have found him a pleasure to work with. Clear, decisive and an excellent communicator - but also a nice person people like working with"

"Also very good - good working relations with all, able to convey SoS' agenda and objectives, but listens to advice and intelligently engages with alternative approaches.

"Adam works extremely cooperatively with officials, operating very much as part of the team. He gives clear and well-judged feedback: he is not afraid to challenge officials' thinking when he has doubts about it, which I welcome, and always does so in a constructive way geared towards achieving shared goals."

33. Due to the nature of my responsibilities, a significant amount of my time was spent liaising with outside organisations. Part of my role was to exchange

views on issues, to test ideas, and to ensure I understood the arguments for and against different policy positions. By doing so, I would be in the best possible position to advise Ministers on policy.

34. To assist the Inquiry, I shall briefly illustrate the nature of my role by reference to a couple of examples of projects with which I was involved during my time at the Department.

34.1 Online copyright infringement. Whether Government should or should not take steps to tackle online copyright infringement is a very contentious issue. Those who own copyright very vocally campaign for greater protections from online piracy and over the years have called for a variety of different policies to be introduced to reduce levels of online infringement. These include website blocking, suspension of access to the internet for prolific offenders, and requirements on search engines to delist copyright infringing websites. On the other hand, search engines, internet service providers and what could loosely be described as open internet campaigners vocally campaign against any attempt to introduce these measures, arguing that they would not work or would represent an attack on the fundamental freedoms of the internet. It was an issue which existed throughout my time working for Mr Hunt and I met a variety of groups and companies from either side of the argument over the years to hear their points of view. I would share my thinking with them and explain what Mr Hunt's view was. This often involved sharing drafts of speeches or talking through detailed policy positions with interested parties. Most recently, this resulted in a number of meetings with rights holders and search engines regarding the content of a possible Communications Green Paper.

34.2 Horseshoe Betting Levy. By its very nature, the setting of the Levy can be very contentious. The bookmaking industry wants to pay racing as little as possible whilst still getting access to a product, whereas the racing industry want to receive as much money as possible from the bookmakers. If an amount cannot be agreed upon, then it is determined by the Secretary of State. This occurred in 2010/11. Mr Hunt took independent advice and listened to the views of both the racing and contingent and the bookmakers. I was closely involved in trying to better understand what both sides of the argument wanted and so discussed the issue with a number of people from across the debate. This involved meetings, phone calls and text messages to a variety of different people, all of which enabled me to update and brief Mr Hunt on their various positions. This helped him in his final assessment of what the level of the Levy should be set at.

34.3 Football Governance. For a number of years, there have been calls for the Football Association to be reformed so that it can better run our national sport. During my time as a Special Adviser, a House of Commons Select Committee produced a report into this issue and recommended a number of significant changes to the FA, most controversially these included a reduction in the size of its Board. The Government accepted these recommendations which led to Mr Hunt, the Sports Minister, policy officials and myself convening a series of meetings with the aim of encouraging the football authorities to implement the recommendations. I acted as the main point of contact

for the football world and would speak to them on a day to day basis. I spoke and met with each of the key organisations, including the Football Association, the Premier League and the Football League on a number of occasions both to hear what they had to say and to update them on what Ministers wanted. This way we were able to continue to call for reform and ultimately ensured that they committed to delivering the reduction in the numbers on the Board that was desired.

35. I worked closely with Mr Hunt on each of these projects and I approached them in a similar way. I would meet, and would have contact with, outside interested organisations and would often act as the first port of call for these outside groups who wanted to talk things through or who wished to "get a steer" on the direction which was being taken by the Department.
36. Routinely, the Department would share key insights with interested third parties and, on occasion, would release whole draft speeches and policy documents to outside organisations in advance of them being formally announced. The reason for this is that it was felt that talking in general terms is beneficial only to an extent as the actual language used or the policy detail needs to be understood by interested parties if they are to be in a position to make submissions in reply or properly test the proposed position. It is, therefore, often desirable to share information in some detail with interested parties.
37. I remember, for example, when Mr Hunt was in Opposition, sharing early drafts of the discussion document 'Media Plurality in a Digital Age' with executives at Channel 4 and going through, in detail, our thinking on the roll out of super fast broadband with BT, Talk Talk, Virgin Media and BskyB. This practice continued when Mr Hunt was in Government, for example, the Department provided extracts of a speech (which contained as of yet unannounced government decisions) which he was to give to the Royal Television Society, in advance, to BT.
38. I should be clear that the purpose of sharing key thinking with outside organisations was not to gain approval for policies. Rather, it was to hear arguments against the proposals, consider different viewpoints and better test thinking. The aim is to consider counter arguments to a proposed policy while it is being developed.
39. I would also add that, as far as I know, all political parties follow a similar approach. When Mr Hunt was in Opposition, I would often receive, via third parties (who themselves had been sent them) documents ahead of their official publication. For example, I received a draft of the first 'Digital Britain' document before it was officially released.
40. Mr Hunt and I saw each other almost every working day and we spoke frequently on the telephone. Over the years, I considered that I developed a close, professional relationship with Mr Hunt. He was familiar with my approach and style. The regular meetings, to which I refer above, and our more informal, regular, contact provided him with opportunities to obtain updates from me in relation to the projects with which he had asked me to become involved and I would provide updates, as I mention above, either at our meetings, by telephone or more informally at the office. We did not socialise together that often - we only went for drinks on a handful of

occasions in the time that we worked together, although I did attend his wedding along with a couple of his other staff at the time.

Handling of News Corporation's BSkyB bid

Please give a full account, with all relevant documentation, of your role in relation to the handling of News Corporation's bid to increase its interests in BSkyB. Your account should in particular cover:

- (a) all briefing and instruction you received in relation to this role;
 - (b) your own understanding of its nature.
 - (c) the specific nature of your relationship with Mr Hunt in relation to this matter, including the extent to which the conduct of this matter was authorised, approved or known about by Mr Hunt or any other individual within DCMS;
 - (d) all contact of whatever nature which you had with News Corp, or anyone representing it or its interests, including Mr Frederic Michel, and the nature and purpose of such contact;
 - (e) all contact of whatever nature which you had with any minister of the UK Government, or anyone representing a minister or a minister's interests, and the nature and purpose of such contact;
 - (f) all contact of whatever nature which you had with any member of the Scottish Government, or anyone representing the Scottish Government or its interests, and the nature and purpose of such contact;
 - (g) your knowledge of the extent of contacts or whatever nature between Mr Hunt, or anyone else representing him or his interests, with News Corp or anyone representing it or its interests, and the nature and purpose of such contacts;
 - (h) the extent to which any of the above matters changed when ministerial responsibility for deciding on the bid passed to Mr Hunt on 20th December 2010, in what way, and why.
41. Mr Hunt, as Secretary of State for Media, Olympics, Culture and Sport assumed responsibility for News Corp's bid to increase its interests in BskyB on 21 December 2010. A team of individuals was established to deal with the bid which was comprised, principally, as follows:
- 41.1 Mr Hunt, as Secretary of State;
 - 41.2 the Department's Permanent Secretary, Jonathan Stephens;
 - 41.3 Jon Zeff, a Director at the Department responsible for media policy, was appointed Senior Responsible Official (SRO);
 - 41.4 Head of Digital TV;
 - 41.5 a legal team including Patrick Kilgarrieff and and
 - 41.6 me and Ms Beeby, as Mr Hunt's Special Advisers.

42. To the best of my recollection, I had no dealings with any other Minister of the UK Government or any member of the Scottish Government in relation to the bid.
43. On 22 December 2010, a meeting was held between the officials of the Department for Business, Innovation and Skills ("BIS"), who had been advising Vince Cable, Mr Hunt, Jonathan Stephens, John Zeff, Patrick Kilgarrieff and me. At the meeting, the BIS officials outlined Mr Hunt's role in the process in terms of explaining that it was centred around concerns about media plurality. They may also have mentioned that Mr Hunt was to act in a quasi judicial capacity. At that meeting, or at about that time, Mr Hunt made it clear that he wanted to do things in a different way to Mr Cable. He said he wanted to make himself available for meetings and wanted to be more open. I also remember him saying that he wanted to be fair to everybody, including News Corp.
44. Following the meeting, an email was circulated by which summarised the key points/actions from the meeting, in the following terms:-
- *"BIS officials outlined the SoS's roles in the process and the various legal considerations.*
 - *In regard to the timeline, the SoS said that he needed an adequate timeframe to make a considered decision, but did not want to deviate too far from BIS's initial timeline. His preferred sequence was as follows: (1) Share redacted version of Ofcom's report with NewsCorp and have meeting with them; (2) have one meeting with parties concerned about the merger; and (3) publish Ofcom's report at the same time as announcing his decision. He would also meet with Counsel. In addition, the SoS would inform the PM of his decision shortly before the public announcement.*
 - *The SoS said that he would be grateful if BIS officials could look into the following matters:*
 - *Are we permitted to share the Ofcom report with NewsCorp, but not with other interested parties?*
 - *Is 'bundling' a competition issue and something that we need to think about?*
 - *The SoS said that he would be grateful for some reading material that he could peruse over the Xmas break - we should keep this concise. He would particularly like to see a summary of the representations that were made prior to Vince Cable's intervention notice to Ofcom (e.g. Enders Analysis), as well as the EC Report. You also explained that the EC report is not in the public domain".*
45. As with the projects with which I had previously been involved, as Mr Hunt's Special Adviser, I assumed the role of managing the relationships with interested parties. Frederic Michel, Director of Public Affairs for News Corp sent an email to James Murdoch, and others, on 24 December 2010 (page 42 of exhibit KRM 18) in which Mr Michel appears to record a conversation which

he had, directly, with Mr Hunt "Just spoke to JH. Said he was very happy for me to be the point of contact with him/Adam on behalf of JRM going forward". According to the email, if it is accurate, it would appear that Mr Hunt told Mr Michel that I was to be News Corp's point of contact and that it was "...fine to liaise at that political level..." . It appears that he may have also told Mr Michel that the Department and NWS legal teams would also be "...in touch".

46. I was aware that Mr Hunt would be acting in a quasi judicial capacity in relation to the bid, as is required by the Enterprise Act 2002, but it was not explained to me how this might impact upon my contact with News Corp or any other interested party.
47. In terms of lines of reporting in relation to the bid, there were several. At the Permanent Secretary meetings and the Communication Meetings, to which I refer above, the bid would be discussed if significant developments had occurred. Internal emails following the Communication Meetings demonstrate that the bid led to action points on 18 April 2011, 27 June 2011 and 4 July 2011 although the bid may have been discussed at other meetings.
48. In addition to these weekly meetings, I would also attend meetings which were convened specifically to discuss the News Corp bid. Some of the meetings would be with the officials of the Department and some would also be attended by Mr Hunt. Having consulted my diary over the relevant period, the dates of those meetings between June and July 2011 were as follows (I describe the meeting in accordance with my diary entry). I have been told by the Department that if minutes were made of the meetings, they have been published (namely the meetings on 20 January 2011 and 24 March 2011).
- 48.1 6 January 2011
The meeting was attended by Mr Hunt, officials from the Department and News Corp to set out the process that the Department would be following.
- 48.2 "News Corp Pre-Brief"
18 January 2011 15:00
The meeting was attended by Mr Hunt and officials from the Department.
I believe that the purpose of this meeting was to brief Mr Hunt ahead of his meeting with News Corp on 20 January 2011.
- 48.3 "News Corp Submission"
20 January 2011 14:00
The meeting was attended by Mr Hunt, officials from the Department and News Corp.
The purpose of the meeting was to consider News Corp's comments on the Ofcom report.
- 48.4 "News Corp Submission"
24 January 2011 12:00
The meeting was attended by Mr Hunt and officials from the Department.
I cannot recall precisely what the purpose of this meeting was.
- 48.5 26 January 2011 09:30

The meeting was attended by [] and []
From memory, the purpose of the meeting was for them to advise me on the next steps following Mr Hunt's statement to Parliament on 25 January 2011. We are likely to have discussed letters to be sent by Mr Hunt to Ofcom and the OFT with regard to the Undertaking in Lieu proposed by News Corp. (The letter was sent the following day and instructed Ofcom and the OFT to consider the adequacy of the undertakings directly with News Corp).

- 48.6 "Ofcom/OFT meeting"
31 January 2011 10:30
The meeting was organised by a junior official and I believe I attended part of the meeting.
I cannot now recall who else attended the meeting or the purpose of it.
- 48.7 "BSkyB"
10 February 2011 09:30
The Permanent Secretary chaired the meeting which I believe was attended by Mr Zeff, [] and []
It is likely to have been an update on when to expect the Ofcom/OFT reports on the Undertakings in Lieu proposed. This was around the time of the discussions about the independent Chair of Sky News and we are likely to have discussed this issue, too.
- 48.8 "Meeting on News Corp"
14 February 2011 17:30
The meeting was attended by Mr Hunt and officials from the Department.
- 48.9 "Letter discussion with Ofcom/OFT"
2 March 2011 13:00
The meeting was attended by Mr Hunt and officials from the Department.
At the meeting, there was a discussion between Mr Hunt and Ofcom and the OFT ahead of publishing the consultation on the Undertakings in Lieu the following day.
- 48.10 "BSkyB and News Corp"
24 March 2011 15:45
The meeting was attended by Mr Hunt.
I believe that this was the meeting with opponents to the bid
- 48.11 "News Corp meeting"
19 April 2011 16:00
The meeting was attended by Mr Hunt and officials from the Department.
- 48.12 "BskyB News Corp meeting"
27 June 2011 15:00
The meeting was held in my office, but I do not recall who attended.
It is likely to have been officials from the Department talking me through the next steps and the consultation responses.

49. The bid would also be discussed on a more informal basis between me, Mr Hunt, Jon Zeff, [redacted] and [redacted] on occasions when our paths would cross throughout the day. For example, they would come to my office to let me know about how matters were progressing (for example, if the consultation process was coming to an end or if Mr Hunt was planning to make a statement). They would also ask me if I could assist in resolving any sticky points, for example, the issue regarding redactions, and would seek my advice on non legal issues (what I would describe as presentational advice), for example, the issue of whether or not reports should be published. On those occasions, I would advise them of News Corp's position on the issues which I would have learned from the contact I received from Mr Michel.
50. I was not asked to provide any formal written reports in relation to my contact with Mr Michel or News Corp and nor was I asked to advise Mr Hunt or Mr Zeff, or anybody else, of the extent of the contact. However, I believe that Mr Hunt, Mr Stephens, Mr Zeff, [redacted] and [redacted] were all generally aware of my activities from a combination of the discussions at our meetings and our more informal contact, and as a consequence of emails which were sent to Mr Zeff and [redacted] direct, by Mr Michel, which I deal with, below.
51. Even if other members of the Department did not know, precisely, the amount of contact I was receiving from Mr Michel, I do not believe that it could have been a surprise to anybody that Mr Michel was contacting me on a very regular basis. It was, of course, well understood that the bid was important to News Corp and that News Corp had a team of public affairs officials whose responsibility it was to obtain information about the progress of the bid and to advocate News Corp's position as the bid progressed. As I had not received any specific instruction as to how I should deal with the contact I received from News Corp, I approached the matter in the same way that I did in other projects with which I had been involved. As I have said, my style and approach was well known.
52. In terms of the information which I relayed to Mr Michel, again, I received no specific instructions as to whether or not there were any limits to the types of information which I could provide. I deal with the information I provided, in detail, in the next section of my Witness Statement. In general terms, I was not personally involved with the discussions between Ofcom, the OFT and News Corp. For example, save for one telephone call which I received from Ed Richards, of Ofcom and the official meetings I had with Mr Hunt, I had no contact with either Ofcom or the OFT. I was more familiar with issues relating to process and, as a result of the frequent contact I received from him, I would advise Mr Michel on such matters regularly. My knowledge of the process was derived from my understanding of the provisions and requirements of the Enterprise Act 2002 and from information which was provided to me by other members of the Department.
53. Throughout my dealings with Mr Michel, I was conscious of the position which had been adopted by Mr Hunt from the moment he took over responsibility for the bid. He made it very clear that he wished the process to be as open as possible and that he would receive comments and responses from as many different interested parties, as possible.
54. I was not the only individual within the Department who had contact with News Corp about the bid throughout the period. The Department has provided certain material to me which indicates that News Corp (principally

Mr Michel) also had contact with Jon Zeff, [] and [] although the latter's contact was primarily with the solicitors who were representing News Corp. I am unable to assist the Inquiry in relation to the extent of their contact with News Corp because I have only been provided with copies of emails to which I was copied and not other emails which passed between any of these individuals and News Corp. The emails are as follows:-

54.1 on 21 January 2011, I was copied into an email from [] to [] in which [] confirmed that he, together with Patrick Kilgarriff, Carola Geist-Divver and [] met with the News Corp legal team "to discuss process and timing";

54.2 on 24 January 2011, at 10:06 am, I received an email from Mr Michel which was also sent to Jon Zeff under cover of which he provided News Corp's submissions in response to the Ofcom report. Mr Michel wrote:

"Jon/Adam, attached are the non-confidential versions of our submissions for publication on Tuesday if the S of S goes ahead with the statement. We will be sending further documents in the morning regarding our views of the process suggested by the S of S and further details on the UIL. Warm regards, Fred."

54.3 on 24 January 2011, at 11:07 am, Mr Michel sent an email to me, which he also sent to Jon Zeff, enclosing a copy of a letter sent to [] by the solicitors representing News Corp, Allen & Overy LLP, together with a copy of the legal opinion obtained by News Corp from Lord David Pannick QC;

54.4 on 24 January 2011, at 18:36 pm, Mr Michel sent an email to [] to which I was copied, under cover of which he provided a copy of News Corp's submissions in response to the Ofcom report. He wrote:

"[] here is the redacted version of our submission - CD-Rom is on it's way. You should use this one rather than the one sent by email earlier today - the other submissions will be on CD-Rom. Warm regards, Fred".

In response to that email, [] sent a reply to Mr Michel, to which I was copied, in which he wrote:

"Fred, many thanks. I will call later on your mobile to confirm that everything is definitely going ahead as planned. []".

54.5 on 25 January 2011, Mr Michel sent an email to Mr Zeff and to me (to which [] and [] were copied) under cover of which he provided News Corp's response to the statement made earlier that day by Mr Hunt;

54.6 on 27 January 2011, Mr Michel sent an email to Mr Zeff, to which I was copied together with [] in which he wrote:

"Dear Jon, do you have further details on the next stages? Are we meeting OFT this week? Warm regards, Fred";

54.7 on 1 March 2011, I was copied into an email from Jon Zeff to [redacted] and to [redacted] in which he confirmed that he had received a telephone call from Mr Michel that morning. In the email Mr Zeff confirmed:

"I said that although no decisions had been taken in advance of receiving the reports, I expected the S of S's strong inclination would be to publish all of the reports in the interests of transparency, though we would obviously consider any genuinely substantive concerns from News Corp about the need for confidentiality".

In response to the email, I confirmed to Mr Zeff (and, by copy, to [redacted] and [redacted]) that:

"I've also reiterated that Jeremy's starting point is to publish pretty much everything unless there is a good reason not to".

54.8 on 2 March 2012, I was copied into an email from [redacted] to Linda Martin and to Sue Beeby (to which Jon Zeff, [redacted] Patrick Kilgarriff and [redacted] were also copied) in which [redacted] confirmed:

"News Corp have asked for copies of the documents to be published tomorrow which they haven't yet seen. These are S of S's two letters to Ofcom and OFT of 22 January and 17 February (they don't say much - I can forward if anyone wishes to see them) I would have thought that we could send them to News Corp at the same time as we communicate our decision, but grateful for views. They would also like to see a copy of the PN in advance. Could we show them that at the same time (assuming that it is ready by then)?"

54.9 on 13 July 2011, Mr Michel sent an email to Mr Zeff and to me under cover of which he provided a copy of News Corp's statement that day withdrawing News Corp's bid.

55. I have not made reference to the correspondence which passed between News Corp's solicitors and [redacted] which appears to be extensive, because this relates to legal matters.

56. Whether Mr Michel's contact with Messrs Zeff and [redacted] went beyond these exchanges is not within my knowledge, but it does strongly suggest that a number of other individuals in the Department were providing information to, and receiving information from, Mr Michel.

57. The emails also demonstrate that other key members of the Department were aware of the nature of the contact which I was receiving from Mr Michel. At no time did any individual express concern about the level of my involvement or provide any guidance about the way in which I should be responding to the contact I was receiving from Mr Michel.

58. The fact that other members of the Department appear to have had contact with Mr Michel also leads me to question whether all of the references to "JH" which appear in Mr Michel's emails do, in fact, refer to me.

Please comment on the exhibit KRM 18 to Mr Rupert Murdoch's witness statement to the Inquiry. The exhibit can be found on the Inquiry website under evidence/by witness/M/Rupert Murdoch/Thursday 26 April, the last document. Your answer should in particular explain:

- (a) the extent to which this material represents a complete, fair and accurate account of the relevant interactions;
 - (b) to the extent that there is any aspect of this documentation which you do not recognise as a complete, fair and accurate account, a full explanation of the discrepancy with your own account;
 - (c) whether, in the case of each reference to 'JH', that should be taken as a reference to Mr Hunt personally, to you, or to anyone else acting on Mr Hunt's behalf or in his interests;
 - (d) the extent to which you in turn briefed Mr Hunt on these matters.
59. My general observation in relation to the emails is that I do not always recognise them to be an accurate reflection of conversations which I had with Mr Michel. This may be because he felt that he should report our discussions in a certain way. A great deal of the contact which I had with Mr Michel was instigated by him. In relation to each of Mr Michel's emails, I have, therefore, indicated whether I telephoned him on that day. On the occasions when I did telephone him, it may be that I was returning calls he had initially made to me. I made no notes of my telephone calls with Mr Michel because, as will be seen below, I received what might be described as a barrage of contact from Mr Michel. I am, therefore, unable to state, categorically, what I discussed with Mr Michel on any given day. In an attempt to assist the Inquiry, I have endeavoured to indicate what I may have discussed with him at the time of each email. If I do not recognise the content of an email, I have said so and I have also indicated where I believe that the reference to "JH" in Mr Michel's emails may refer to somebody other than me.

60. My approach to my dealings with Mr Michel was in line with my usual approach. I would listen to what he had to say and would not object if he offered to send material to me. I would acknowledge his views and any concerns he may have expressed, but I would not have supported them. I was amiable and courteous throughout, which I believe was what was expected of me by the Department.

61. I have been asked to comment on Exhibit KRM18. I am unable to make many substantive comments in respect of the emails pre-dating 21 December 2010, but nevertheless offer my observations, as requested.

15th June 2010

62. I called Mr Michel at 14:14 for 27 seconds and 16:48 for 12 minutes at 44 seconds.

8:42:31 am

63. The email suggests that Mr Michel, at that time, was speaking with Vince Cable or with his office.

4:23:40 pm

64. I dispute having said that the UK Government would be supportive throughout the process. I may have invited Mr Michel to let me have his comments on a speech that Mr Hunt was making, at that time, because, as I have mentioned, it was the policy of the department to invite comments in relation to policy issues. The speech I refer to was made by Mr Hunt on 8 June 2010. I dispute that Mr Michel would be working with Mr Hunt on any given speech, as he suggests.

5:34:25 pm

65. I am not sure whether the reference to "*Jeremy*" is a reference to me or Mr Hunt. It appears that Mr Michel was quoting an interview which Mr Hunt had given to *The Financial Times*, that day and he reports that Mr Hunt said that the bid was a "*matter for competition authorities but he did not see any problems*".

28th July 2010

9:34:29 am

66. The email suggests that Mr Michel was having discussions with Vince Cable's office or his Advisers who were providing information to him, but I am unable to comment further.

15th September 2010

5:29:46 pm

67. I did not make a telephone call to Mr Michel that day. I believe I told him that I was not aware of the blog post and may have offered to look into it. To the best of my recollection, I took no further action.

20th September 2010

11:25:11 am

68. Mr Michel appears to be reporting on conversations which he had had with Vince Cable's office or his Advisers.

27th September 2010

9:12:50 am

69. Again, the email suggests that Mr Michel was talking to Vince Cable's Advisers, but I am unable to comment further upon the information which may have been disclosed to Mr Michel.

5th October 2010

12:58:53 pm

70. The meeting to which were Mr Michel refers was at a Conservative Party conference, at which I was present. Ms Brooks and Mr Michel outlined the stage which the bid had reached and spoke of their concerns that Vince Cable would refer it.

8th October 2010

7:27:25 pm

71. The email suggests that Mr Michel was receiving information from Vince Cable's office upon which I can provide no further comment.

7th October 2010

3:11:01 pm

72. Under cover of his email, Mr Michel provided a briefing note for Mr Hunt in relation to the bid providing News Corp's position as to why the bid should not be referred to Ofcom.

11th October 2010

7:02:33 am

73. In my email to Mr Michel I passed on Mr Hunt's view on the briefing note which he had described to me as "*persuasive*".

12th October 2010

8:55:14 pm

74. The email suggests that Vince Cable's Advisers were talking to Mr Michel about issues unrelated to the bid, including the Comprehensive Spending Review. The email suggests the Adviser with whom Mr Michel spoke gave advice that News Corp might approach Lord Oakshott.

18th October 2010

3:54:01

75. The email suggests that a number of Liberal Democrats may have been speaking with Mr Michel.

1st November 2010

6:10:18 pm

76. The email suggests that Mr Michel's attempts had been successful and that a Libel Democrat MP had agreed to call Mr Cable in relation to the bid.

6:33:35 pm

77. The email suggests that Mr Michel had had further contact with Mr Cable's Advisers.

2nd November 2010

6:42:55 pm

78. The email suggests that Mr Michel was speaking with people, widely, including Baroness Rawlings.

7:44:40 pm

79. The email suggests that Mr Cable's Adviser had telephoned Mr Michel "unprompted".

4th November 2010

8:18:47 am

80. The email suggests that Mr Cable's Adviser had texted Mr Michel to say that News Corp had "*put a v strong case which will stand you in good stead on this*".

8th November 2010

6:44:31 pm

81. The email suggests that Mr Michel had had a telephone call with Mr Cable's main Adviser. Mr Michel suggests that the Adviser had asked Mr Michel to be in touch regularly and to provide him with materials for Mr Cable to read.

9th November 2010

8:52:02 am

82. Rupert Harrison is George Osborne's main Adviser with whom Mr Michel reports having met.

15th November 2010

I telephoned Mr Michel at 10:34:45 for 48 seconds and 13:11:20 for 24 seconds.

11:23:18 am

83. The email suggests that Mr Hunt intended to call Mr Murdoch, that evening.

11:32:42 am

84. Mr Michel reports that "*Jeremy*" had attempted to telephone Mr Murdoch. I do not recall having expressed the advice which is contained in the email to Mr Michel.

7:03:12 pm

85. This is an email chain between Mr Michel and Mr Cable's Special Adviser, Giles, Wilkes. I can provide no further comment.

19th November 2010

9:51:09 am

86. The email suggests that Mr Cable's Adviser had again provided advice to Mr Michel that he might approach Lord Oakshott as a proxy for Vince Cable.

23 November 2010

1:59:04 pm

87. The email reports that I had agreed to meet Mr Michel, which I did on 14 December 2010. I did not tell Mr Michel that Mr Hunt had invited News Corp to send him documents "*privately*". I may have said that I would receive material which he wished to send me.

30th November 2010

2:43:02 pm

88. I can provide no comment in relation to this email.

2nd December 2010

5:26:24 pm

89. The email suggests that Mr Michel may have been receiving advice from Nick Clegg's office in relation to the bid.

14th December 2010

10:41:00 am

The email purports to report on the meeting I had with Mr Michel at 10 am that morning. I would have listened to Mr Michel's views on the Ofcom issues letter and I may have expressed some sympathy with his views. However, I would not have described the letter as biased.

11:59:54 am

90. I can offer no comment in relation to this email.

9:17:38 pm

91. The email suggests that Mr Michel had been speaking to Mr Cable's main Adviser.

19th December 2010

1:12:50 pm

92. The email suggests that Mr Michel had had a conversation with Nick Clegg's Chief of Staff.

21st December 2010

6:15:05 pm

93. The email suggests that Mr Michel had been speaking with Nick Clegg or his office and was reporting his views in relation to comments made by Vince Cable.

24th December 2010

5:25:13 pm

94. I have commented upon this email, above. Mr Michel has confirmed, in his evidence to the Inquiry, that he exchanged texts with Mr Hunt on that day and the reference to "JH" is, therefore, presumably a reference to Mr Hunt.

31st December 2010

95. According to my telephone records, I made no telephone call to Mr Michel on this date. I also do not recall speaking to him (it was New Year's Eve).

11:35:07 am

96. Mr Michel refers to Ofcom's first report on plurality which was due to be provided by 31 December 2010. I do not recall advising Mr Michel that the report had not been received, which is information which could have been provided by a variety of sources, either from other individuals within the Department or by Ofcom, with whom News Corp was in direct contact. The email notes that Ofcom had "*committed to keep [News Corp] informed*". In any event, Mr Michel's information appears to have been incorrect because a letter from Mr Hunt to the Chief Executive of British Sky Broadcasting Ltd dated 7 January 2011 (to which James Murdoch was copied) confirms that Mr Hunt did, in fact, receive a copy of Ofcom's report on 31 December 2011.

10th January 2011

97. According to my telephone records, I made no telephone call to Mr Michel on this date.

7:31:44 pm

98. I can offer no comment on this email.

8:24:15 pm

99. As I note, above, a copy of Ofcom's report was sent to News Corp, by Mr Hunt, under cover of his letter dated 7 January 2011. In that letter, Mr Hunt had confirmed that he was minded to refer the matter to the Competition Commission, but before doing so, invited representations from News Corp and offered to meet with News Corp to discuss any issues before he reached his final decision on referral. Mr Hunt also provided a timetable for the next steps in the process.
100. I am likely to have discussed the content of this letter with Mr Michel. I may have advised him that Mr Hunt would be following due process and would not

be swayed by adverse press reporting. I dispute that I made a "plea" for News Corp to find legal errors in the Ofcom report, but I may have reiterated Mr Hunt's invitation for News Corp to provide its response to the report. The meeting to which Mr Michel refers in the final line of his email took place on 20 January 2011. It was an official meeting held by Mr Hunt at which News Corp had an opportunity to provide its comments in relation to Ofcom's report. The minutes of the meeting are published on the Department's website. The minutes of Mr Hunt's meeting with Mr Richards of Ofcom were also published on the Department's website. In addition, the minutes of the meeting Mr Hunt had with News Corp on 6 January 2011 clearly show he explained to them where he would be asking Ofcom for more information.

11th January 2011

101. I made a telephone call to Mr Michel at 16:53:19 for 57 seconds.

10:27:26 pm

102. I did not ask for News Corp's help to prepare Mr Hunt. News Corp's comments on the Ofcom report had been invited, by Mr Hunt, as I explain above.

14 January 2011

6:18:35 pm

103. The content of my email to Mr Michel was approved by Mr Hunt, in advance, as is evidenced by my email to Mr Hunt of the same day in which I sought his comments. The content of the email represents Mr Hunt's public position and was being used by constituency MPs to provide information in relation to the bid.

104. On 14 January 2011, News Corp provided its response to Mr Hunt in relation to the Ofcom and the OFT reports.

17th January 2011

105. According to my telephone records, I made no telephone call to Mr Michel on this date.

7:19:15 pm

106. Mr Michel sent me a text that day to inform me that News Corp was finalising the Undertakings in Lieu. The following day, News Corp's solicitors sent proposed Undertakings in Lieu to the Department.

23rd January 2011

107. I telephoned Mr Michel on 22nd and 23rd January 2011 for 17 minutes and 18 minutes 50 seconds respectively.

8:59:44 am

108. This was the weekend before Mr Hunt was making his first formal statement in relation to the bid.

109. Mr Hunt had met with News Corp on 20 January 2011. At the meeting, which I attended, Mr Hunt was very clear as to his intended approach. The minutes of the meeting (which are published on the Department's website) document the discussions and summarise what Mr Hunt told News Corp, as follows:
- a. *Publish the Ofcom report (redacted for confidential information)*
 - b. *Publish non-confidential version of News Corp's submission.*
 - c. *To announce that SoS was minded to refer to the CC, however News Corp have come back with a potential remedy which we were going to explore.*
 - d. *Alongside this, invite OFT to act on SoS's behalf to explore whether acceptable UILs could be reached.*
 - e. *Ask OFCOM to offer specific advice on the UILs in relation to (i) plurality and (ii) financial sustainability.*
 - f. *Having worked through the detail, if SoS is minded to accept, there would follow statutory public consultation of 15 days, of otherwise this would be referred to the CC.*

In advance of that SoS would need:-

- a. *An undertaking that the representations and UILs reflected the position of BSKyB.*
 - b. *A summary of the UILs and the News Corp submission ready for public release.*
 - c. *Fully worked up UILs, upon which DCMS would seek OFCOM advice and publish in due course.*
110. As far as I recall, during my discussions with Mr Michel over 23 and 24 January, I reiterated the matters which had been discussed between Mr Hunt and News Corp at their meeting on 20 January.
111. I may have told Mr Michel that if the Undertakings in Lieu were considered appropriate by Ofcom in order to mitigate concerns regarding plurality, then it would be difficult for others to successfully oppose the proposal. This is, effectively, the purpose of Undertakings in Lieu as provided by the Enterprise Act 2002. I do not recall saying that it would be "...game over for the opposition" and I suspect that this is Mr Michel's interpretation of the observation I may have made that the provision of effective Undertakings in Lieu could cure plurality concerns.
112. By this stage, Mr Michel had expressed concerns to me about the reaction to publication of the Ofcom report, but I advised him that, notwithstanding those concerns, the report would be published, which Mr Hunt had already told him

at the meeting on 20 January. The Ofcom report was published the following day.

113. I would not have indicated to Mr Michel that Mr Hunt was supportive of the bid. This may have been Mr Michel's speculation given the comments which Mr Hunt had made, publicly, before he took over responsibility for the bid in December 2011. I may have acknowledged News Corp's concerns regarding the content of the Ofcom report, but that falls considerably short of the suggestion which is made by Mr Michel in his email. The claim that either I, or Mr Hunt, was supportive of the bid is simply not borne out by Mr Hunt's actions which led Mr Michel, later, to express frustration, on a number of occasions, about the process which was being followed and the time it was taking.
114. I do recall that Mr Michel attempted to persuade me that the Ofcom report should not be published, but this was simply not something that was within my remit. I may have responded by advocating transparency and may have expressed concern that Mr Michel's proposal would amount to a deal "*behind closed doors*" and that it was not, therefore, appropriate. This would have been consistent with Mr Hunt's position that he wanted the process to be open and transparent and consistent with what he had told News Corp at the meeting on 20 January. I dispute ever having said that I shared News Corp's objective, which I did not.

8:39:07 pm

115. Mr Michel was pushing for an early meeting with Mr Hunt to discuss the proposal to "spin off" Sky News. I would have listened to the request and would have informed him that Mr Hunt was to make a statement in the Commons. I would have told him that Ofcom's report was to be published, notwithstanding News Corp's concerns, but I was not in a position to, and did not express a view, that the Undertakings in Lieu proposed by News Corp would be acceptable. Indeed, Mr Hunt's statement on 25 January did not express support for the Undertakings in Lieu.
116. I may have commented on News Corp's lawyers' position that there was no obligation under the Enterprise Act 2002 to publish the Ofcom report, but I would have explained that, notwithstanding the legal position, it had been decided that the Ofcom report was to be published (as had been explained by Mr Hunt in his meeting with News Corp on 20 January). The email is an example of attempts by Mr Michel to persuade the Department to do things differently which I would have resisted, as diplomatically as possible.
117. I do not recognise, and I dispute, reaching an agreement with Mr Michel that News Corp would contribute to Mr Hunt's statement. As far as I know, Mr Michel made no contribution to it. The press statement, in any event, recited the history of the bid up until that date and reflected what Mr Hunt had told News Corp at the meeting on 20 January.
118. I would have confirmed that Mr Hunt would be consulting with Ofcom and the OFT regarding the suitability of the Undertakings in Lieu proposed by News Corp and that Mr Hunt would ultimately make his decision in accordance with the Enterprise Act 2002. These matters had been confirmed by Mr Hunt in his meeting with News Corp on 20 January.

24th January 2011

119. I telephoned Mr Michel at 2:23pm for 18 seconds.

6:00:58 pm

120. This was the day prior to Mr Hunt making his statement in Parliament. Based on the meeting between News Corp and Mr Hunt on 20 January, I may have speculated about the content of Mr Hunt's statement. Mr Hunt's statement did, as I suspected it would, reflect what he had said at his meeting with News Corp on 20 January. It was the usual policy of the Department to inform interested parties, in advance, of the nature of any significant statements which were to be made. It would appear from Mr Michel's text to me on 24 January 2011 that the final draft of Mr Hunt's statement was provided to him, in advance of its official release, by

121. With regard to the points made in Mr Michel's email (i) the timing of Mr Hunt's statement was not confidential and he may have been advised of this by the Department's press office; (ii) I dispute the suggestion that I told Mr Michel that Mr Hunt's statement was being drafted in order to "help" News Corp. This was plainly not the position, as far as I understood it. I would not have passed any of Mr Michel's observations on to anybody else within the Department because News Corp had already commented, formally, on the Ofcom and OFT reports in its response to Mr Hunt on 14 January 2011 and had discussed its comments with him at the meeting on 20 January 2011; (iii) the Ofcom report recommended that Mr Hunt refer the bid to the Competition Commission. News Corp was already aware of this as a copy of the report had been sent to it on 7 January 2011; (iv) I may have confirmed to Mr Michel that Mr Hunt agreed with Ofcom that there were potential concerns with plurality and that any Undertakings in Lieu proposed to remedy those concerns would need to be considered. Mr Hunt had notified News Corp of this at the meeting on 20 January; (v) this is a point relating to process and I would have advised that if Mr Hunt considered the Undertakings in Lieu to be satisfactory, the Enterprise Act 2002 provides that there must be a public consultation, which Mr Hunt had already confirmed at the meeting on 20 January; (vi) I may have advised Mr Michel that no deadline had been set and I dispute ever having advised Mr Michel that the Department wanted it to be done "very fast". This is not true as the position was that it would take as long as was necessary which I confirmed in many conversations I had with Mr Michel; (vii) I may have said that Mr Hunt would be happy to formally meet News Corp again; (viii) this is a matter of process; and (ix) I do not understand the final point but I may have said that it was for News Corp to advance any arguments it wished to advance.

7:02:30 pm

122. I am likely to have advised Mr Michel that a decision as to whether or not to consult could only be made after the OFT and Ofcom had made their recommendations in relation to the proposed Undertakings in Lieu. This email, therefore, reflects the type of information which I would frequently provide to Mr Michel on matters of process. News Corp wished Mr Hunt to make a decision regarding the suitability of the proposed Undertakings in Lieu without referring them to the OFT/Ofcom which was not a requirement of the Enterprise Act. I would have confirmed to Mr Michel that, notwithstanding the absence of a legal requirement, the Undertakings in Lieu would be referred to

OFT/Ofcom, which Mr Hunt had confirmed in his meeting with News Corp on 20 January. I may have sought to mollify News Corp with regard to their concerns about the affect on timing which such referrals would have, which may have been interpreted as sympathy for News Corp's position, which was not the case.

123. Mr Hunt made a statement to Parliament on 25 January 2011. In the press release issued that day, Mr Hunt confirmed:-

"After careful consideration of the Ofcom Report which recommends referral to the Competition Commission, and as provided by Section 104 of the Enterprise Act 2002 that sets out my duty to consult adversely affected parties, I met with News Corporation on 6 January to set out the process that I would follow and briefly explain Ofcom's conclusions. Having informed them of the process I then wrote to News Corporation and BSkyB on 7 January enclosing a copy of Ofcom's Report. In this letter I explained that I was minded to refer the case to the Competition Commission but that I would receive written, and if necessary oral, representations from them if they wanted to challenge my thinking.

"On 10 January I met with Ofcom to seek clarification on a number of aspects of their report.

"In response to my letter of 7 January BSkyB and News Corporation provided written representations challenging elements of Ofcom's report on 13 and 14 January respectively.

These documents have today been published. After considering these responses and consistent with section 104 of the Enterprise Act 2002 I therefore met again with News Corporation on 20 January to hear representations on the issues they highlighted.

"As a result of these meetings and my consideration of the Ofcom report and subsequent submissions from the parties involved I still intend to refer the merger to the Competition Commission. On the evidence available, I consider that it may be the case that the merger may operate against the public interest in media plurality.

"However, before doing so it is right that I consider any undertakings in lieu offered by any merging party which have the potential to prevent or otherwise mitigate the potential threats to media plurality identified in the Ofcom report.

"News Corporation says that it wishes me to consider undertakings in lieu which it contends could sufficiently alleviate the concerns I have such that I should accept the undertakings instead of making a reference. It is appropriate for me to consider such undertakings. In considering whether to accept undertakings in lieu, I will ask the OFT, under section 93 of the Enterprise Act 2002 as an expert public body with experience in negotiating undertakings in lieu to be involved

in the process from this stage. I will also ask Ofcom under section 106B for advice whether undertakings in lieu address the potential impact on media plurality.

"If this process produces undertakings in lieu which I believe will prevent or otherwise mitigate the merger from having effects adverse to the public interest, and which I propose to accept, I will then publish the undertakings in lieu and (as required under the Act) begin a formal 15 day consultation period during which time all interested parties will be able to express their views.

"It is in the nature of this process that I cannot give clear dates for each step as we move forward. My main concern is not to work to an arbitrary timetable but to ensure that I reach my decision in a fair and even-handed way which is transparent and ensures that all concerns are properly considered."

25th January 2011

7:27:42 am

124. Mr Michel forwarded an email which he had received from [redacted] at 7:25 am that morning. [redacted] had provided to Mr Michel, in advance of its official release, a copy of Mr Hunt's press statement and had confirmed that Mr Hunt's ministerial statement, which was to be made that day would be in similar terms. [redacted] email is, therefore, an example of the policy of the Department to provide advance notice of press statements and ministerial statements to interested parties.

7:51:32 am

125. I do not recognise the content of this email as it suggests, wrongly, that Mr Michel had influenced the content of Mr Hunt's statement, which, as far as I know, was not the position. In fact, the wording of Mr Hunt's statement, even if it was welcomed by News Corp, is likely to have been proposed by the Department's lawyers and was designed to explain the requirements of the Enterprise Act 2002.

8:11:02 am

126. Mr Michel appears to be annoyed that Mr Hunt's statement did not support the Undertakings in Lieu proposed by News Corp, despite the impression he gave in his email to Mr Murdoch dated 23 January 2011 at 8:59:44 that Mr Hunt would be describing the Undertakings in Lieu as "very substantial". In relation to his concern that there had been no support in Mr Hunt's statement I wrote *"There's plenty - potential to mitigate problems! We can't say they are too brilliant otherwise people will call for them to be published"*. This was an attempt to pacify Mr Michel by making reference to Mr Hunt's comment that he would consider any Undertaking in Lieu which had the potential to mitigate plurality concerns.

10:06:31 am

127. The email is a further example of News Corp's apparent frustration with Mr Hunt's refusal to endorse the Undertakings in Lieu, at this stage, and of my attempts to mollify Mr Michel. Again, in an attempt to mollify Mr Michel, given that he was unhappy with Mr Hunt's statement, I said in a text that we had no legal wriggle room in a statement to Parliament, by which I meant that whatever Mr Hunt's view of the proposed Undertakings in Lieu, the process as provided in the Enterprise Act had yet to be followed. I agreed, in a text, with Mr Michel's view that "*We were in a good place*". I was referring to the Department's position, generally, and noted that "*Coverage looks o.k.*".

05:43:26 pm

128. I would have advised Mr Michel of the process and the way in which the action confirmed by Mr Hunt in the meeting on 20 January and his Commons' statement would be implemented, namely, the means by which the Undertakings in Lieu would be referred to the OFT and to Ofcom.

10:50:09 pm

129. The email appears to indicate Mr Michel's view on matters. The reference to "JH" may have been prompted by comments which I made to him that Mr Hunt was satisfied with the statement he had made in Parliament and was happy, overall, that the process was moving forward as it should. I did not say that News Corp was "*in a good place*", as is suggested in the email, but, as I explain, above, I agreed that the bid was "*in a good place*" i.e. it was proceeding as it should and the press coverage was satisfactory.

31st January 2011

130. According to my telephone records, I made no telephone call to Mr Michel on this date.

1:05:41 pm

131. Mr Michel refers to a de-brief which he received following a meeting with the OFT and Ofcom that morning. I only attended part of the meeting. I told Mr Michel that no view had been expressed on the Undertakings in Lieu proposed (which Ofcom and the OFT later took up, directly, with News Corp).

06:08:50 pm

132. The email appears to provide information about what the OFT and Ofcom had been instructed to do. This information had been provided by Mr Hunt to News Corp in the meeting of 20 January. Mr Hunt, by this stage, had also confirmed, in his statement to Parliament on 25 January 2011 that both Ofcom and the OFT were being asked to express a view as to whether the Undertakings in Lieu proposed by News Corp mitigated concerns about plurality. Mr Michel suggests that the person with whom he spoke asked that News Corp "*share the OFT letter*" and that it might be "*useful for him to see the business plan privately*". Mr Michel would frequently offer to send material to me and I would, as a matter of courtesy, agree to receive it. I deal with the issue of material sent to me by Mr Michel later in my statement.

1st February 2011

133. According to my telephone records, I made no telephone call to Mr Michel on this date.

10:15:09 pm

134. I believe that this email relates to Mr Michel's question to me as to whether he should send a copy of News Corp's business plan with regard to the "spin off" of Sky News to Ofcom as had been suggested by the OFT and I told him, by text, that I had no strong view on the matter. I may have offered to check on the state of play and to speak with him the following day, although it is more likely that he would have told me that he would telephone me again in the morning. My telephone records indicate that I made no telephone call to Mr Michel on the following day.

2nd February 2011

135. According to my telephone records, I made no telephone call to Mr Michel on this date.

12:16:35 pm

136. The email refers to an exchange of texts in which I suggested that it would be helpful for News Corp to share information with Ofcom if they were asked by the OFT to do so.

4th February 2011

137. I made a telephone call to Mr Michel at 11:07:47 for 9 seconds.

5:37:00 pm

138. I may have commented on the reduced media attention, which was simply an observation.

139. News Corp was distrustful of Ofcom but I certainly did not express a similar view because it is a view that I did not hold. I would not have "agreed" with the fears expressed by Mr Michel, but, in line with my usual policy to listen to what he had to say, I may have acknowledged News Corp's concerns. My views were, in any event, entirely irrelevant because I was not involved with the process concerning Ofcom or the OFT.

140. With regard to the submissions made by Slaughter & May and Enders, I was not involved in any meaningful way. I was aware of them and the views of the opposition were, in any event, being ventilated, very publicly, in the press. Despite the impression given by Michel's email, it was not a matter of my disclosing, inappropriately, the nature of the position being adopted by opponents to the bid. In my text to Mr Michel, I told him that I would show the submissions to Mr Michel if they were needed, in order for the bid to be properly considered. To the best of my recollection, it was not necessary to provide copies to Mr Michel.

141. I could well have provided further advice on process and I probably expressed the view that a public consultation was likely to follow soon after the report provided by the OFT. Mr Hunt had, by this stage, confirmed, publicly, that there would be a 15 day consultation period following receipt of the reports.

142. I may have commented that other media groups were likely to vigorously oppose the Undertakings in Lieu, which was self evident, and I am likely to have said that if Mr Hunt reached a decision that the terms of the Undertakings in Lieu were sufficient, he would stand behind that decision, which again is not a surprising position.
143. I may have said that support from other quarters would be sought if Mr Hunt deemed the Undertakings in Lieu to be appropriate so as to counter the criticisms of other media organisations. This is known, colloquially, as '*rolling the pitch*' and is standard practice in order to find support for any decision which is made in light of vocal opposition so as to redress the balance.

8th February 2011

144. I called Mr Michel at 10:10:32 and 18:00:45 each for 10 seconds.
- 10:26:42 am
145. I am unable to comment on the "*insightful feedback*" which Mr Michel claims to have received from "JH" in relation to OFT/Ofcom. I doubt that I would have known the OFT's or Ofcom's position at that time.

9:15:03 pm

146. I was not in a position to advise Mr Michel of the thinking of Ofcom or the OFT, as I do not believe that I would have been aware of it, at that time. The negotiations relating to the issues being dealt with by Ofcom/OFT were taking place directly between those bodies and News Corp and the Department would, as I understand it, have had limited involvement until such time as the reports of Ofcom and OFT were provided on 11 February. As I have confirmed, I had no personal direct contact with the OFT or Ofcom, save for one telephone call which I received from Ed Richards of Ofcom, to which I refer elsewhere in this statement.

9th February 2011

147. I made a call to Mr Michel at 17:48 for 3 seconds and at 20:01 for 6 minutes and 14 seconds.

7:24:52

148. Mr Michel and I exchanged texts that day. He advised me that it was "*Bad news from Ofcom*" and asked to speak with me. I replied "*Not heard anything other than our internal process. That's all rather dependent on what the reports say*".

149. It appears from the email that Mr Michel was seeking to find out the likely date on which the OFT report would be available. It is conceivable that I may have agreed to make enquiries, but given that I had no direct contact with the OFT, if I had made enquiries, I would have made them of an official in the Department to whom I am likely to have explained that the reason for my enquiry was that I was being asked by News Corp.

150. The thrust of the email appears to be Mr Michel complaining about the process. Had he complained about it to me, in my usual way, I would have acknowledged his frustration, but I would have rejected any suggestion that Mr Hunt should disregard the findings of Ofcom. Clearly, there would be no purpose served in Mr Hunt referring the matter to Ofcom and then entirely disregarding any comments which they made.

10th February 2011

151. I spoke to Mr Michel at 10:31 for 3 minutes and 57 seconds.

11:46:50 am

152. Mr Michel appears to be referring to the conversation with me in his email. I can offer no further comment in relation to this email.

11th February 2011

153. I called Mr Michel at 11:50 and 17:53, both for 8 seconds. The OFT and Ofcom reports were sent to Mr Hunt on this date.

1:16:53 pm

154. The email seems to report upon Mr Michel's meeting with Alex Salmond's Adviser. I had no contact with Mr Salmond's office, or any of his advisers, in relation to the bid.

6:47:58 pm

155. I believe that it was at around the time that the reports were sent, I received a telephone call from Ed Richards, the Chief Executive Officer of Ofcom. Mr Richards telephoned me and explained to me that News Corp was resisting the proposal that James Murdoch was not to hold the position of Chairman of the "spun off" Sky News. Mr Richards suggested that I notify News Corp that, without agreement on this point, Ofcom would not support the Undertakings in Lieu and that Ofcom's advice to Mr Hunt would be that he should refer the matter to the Competition Commission. I believe that I mentioned this telephone call, at the time, to Mr Hunt and to Mr Zeff. I cannot recall whether I told them, in advance of my telephone call with Mr Michel, or afterwards. This episode demonstrates that Mr Hunt and Mr Zeff were aware of the level of my dealings with News Corp. It also suggests that even Ofcom knew that I was the point of contact with News Corp in order for Mr Richards to have known to telephone me and for him to have felt that it was appropriate to ask me to speak to News Corp in relation to the issue.

156. The two issues identified in the email as concerns, namely the non Exec Chairman and concern over the acquisition of shares, were matters which had been discussed between News Corp and the OFT and Ofcom, as is clear from their reports. Mr Michel's text to me on 9 February in which he tells me "*Bad news from Ofcom*" suggests that he had been told about the issues on that day, before the report was sent by Ofcom.

157. Mr Hunt later wrote to James Murdoch on 15 February 2011 in relation to the two issues raised by the OFT and Ofcom and sought his agreement in relation to them.

158. I do not recognise all of the points which are made by Mr Michel in his email. I would not have expressed a view on Ofcom's position, but would simply have relayed the position of Ofcom, as notified to me by Mr Richards, and the likely consequence of the failure to reach an agreement with Ofcom/the OFT in relation to the Undertakings in Lieu.

15th February 2011

159. I telephoned Mr Michel at 17:55:47 and 20:31:18 for 6 seconds and 4 seconds respectively. On this day, Mr Hunt wrote to News Corp and outlined four critical matters which he wanted them to address within the next 24 hours.
160. By this stage, the OFT had expressed some concern that the carriage agreement between BskyB and the "spun off" Sky News would only last ten years, which they believed to be insufficient. Ofcom did not share that concern. In his letter to News Corp dated 15 January, Mr Hunt had not identified the carriage agreement as one of his four areas of concern, which I referred to by confirming, in a text to Mr Michel, that Ofcom had answered the ten year issue. I may also have notified Mr Michel that it was likely that Mr Hunt would wish to publish the Ofcom report in line with his policy of transparency, particularly given that he had published Ofcom's first report. Ofcom's report was later published on 3 March 2011.

16th February 2011

161. I telephoned Mr Michel at 8:31 for 46 seconds. On this day, News Corp replied to Mr Hunt's letter and proposed revised Undertakings in Lieu to address the four areas of concern.

8:38:44 am

162. Mr Michel may have informed me that News Corp intended to respond to Mr Hunt's letter later that day.

10:49:27 am

163. I may have re-iterated that Mr Hunt, in his letter to News Corp dated 15 January, had not identified the ten year carriage term to be an issue of concern.

07:34:32 pm

164. News Corp had, by this date, responded to Mr Hunt's letter in relation to the four issues of concern and had submitted a revised draft Undertaking in Lieu to reflect the concessions which News Corp was prepared to make. I may have reiterated that, as a matter of process, the OFT and Ofcom would be invited to comment on the revised draft Undertakings in Lieu and that, if the OFT and Ofcom were happy with the drafts, it was likely that the matter would then go to a public consultation. These matters had already been confirmed by Mr Hunt in his letter to News Corp of 15 February.

17th February 2011

165. I telephoned Mr Michel at 12:05:36 for 12 seconds. On this date, Mr Hunt wrote to the OFT and to Ofcom seeking their views on the revised Undertakings in Lieu.
166. Dealing with all of Mr Michel's emails on this date, I was responding to comments which had been made on *The Media Show* by David Elstein and Chris Goodall who had both expressed the view that the Competition Commission would be unconcerned by the bid and that it would be possible for Undertakings in Lieu to be provided which would adequately address plurality concerns. I made the point that Mr Hunt could have confidence in his position on the revised draft Undertakings in Lieu (namely that he would be minded to accept them if they were considered suitable by the OFT and Ofcom, which he had confirmed in his letter to News Corp of 15 February) if support was now being provided from previously hostile quarters, including Enders. In a text to Mr Michel, I described this as being "strong and confident".

18th February 2011

167. I telephoned Mr Michel at 14:57 for 18 seconds.
- 7:35:25 pm
168. It was not my role to instruct Jon Zeff and, therefore, I do not recognise the reference in Mr Michel's email. As I have mentioned, above, Mr Zeff was the point of contact between the Department and the OFT, with whom I had no direct involvement.
- 11:17:15 am
169. I believe Mr Michel's email may refer to letters which News Corp had received from the OFT and Ofcom in relation to the redrafted Undertakings in Lieu. I suspect that Mr Michel offered to send News Corp's comments on the letters to me and, in line with my usual response, I would have agreed to receive them.

22nd February 2011

170. According to my telephone records, I made no telephone call to Mr Michel on this date.
- 12:16:50 pm
171. I may have advised Mr Michel of the likely date on which the Ofcom report was anticipated, but it appears from his email that News Corp was already aware of the likely date and, indeed, of its likely content, presumably because of the direct contact between News Corp and Ofcom. [redacted] who was legal Counsel for News Corp, appears to have already expressed the view that Ofcom's report would focus on drafting points, which is not something that I would have been aware of.

23rd February 2011

172. I telephoned Mr Michel at 17:29 for 7 minutes, after he asked me to call him, by text.

5:38:22 pm

173. I do not recognise the content of this email. I would not have been directly involved in issues between News Corp and Ofcom or the OFT. At most, I would have relayed any concerns expressed by News Corp to Jon Zeff who was the point of contact between the Department and Ofcom/OFT. However, I have no recollection of the issue to which the email refers. I would not have said that I was "*not impressed*" because I did not have a view on the matter. Neither would I have said that Ofcom was intruding in the process.

8:42:36 pm

174. As I had no direct contact with Ofcom/the OFT, if I had been told by officials of the Department that things were moving along well, I may have relayed this to Mr Michel.

24th February 2011

175. I called Mr Michel at 13:49 and 15:10 for 11 minutes and 36 seconds and 2 minutes and 13 seconds respectively.

9:21:53 am

176. To the best of my knowledge, Mr Hunt did not receive a letter from Ofcom on this date and it would appear that the email refers to Ofcom's earlier letter of 11 February upon which Mr Michel was providing his observations.

10:50:08 am

177. I would have confirmed to Mr Michel that the Department would not get directly involved in any issues between News Corp and Ofcom or the OFT, but that time would be provided in order to allow any issues to be explored between them. The email reflects, to some extent, the texts which I sent to Mr Michel on that day. My texts were as follows:-
178. *"They said this was a promising basis from which to work in their advice to JH. Not quite complete acceptance so I guess that's why they are looking for confirmation on some things".*
179. Mr Michel replied *"Some things? Have you seen the list??? Let me know JH's view before 11 am when I speak to James please. Important call".*
180. I replied *"We will still go with whatever Ofcom recommends" and "we can't interfere with the process really we can give more time but not deal with substance while they are working with you"*
181. I did not say, in those texts, as appears in Mr Michel's email, that *"He can only use his officials to put pressure at this stage"*. The precise matters which had been raised by Ofcom had been identified to News Corp in Mr Hunt's letter to them dated 15 February and any further issues would have been raised with News Corp by the OFT and/or Ofcom direct.

2:02:13 pm

182. These texts show that I continued to confirm Mr Hunt's position, of which News Corp had previously been notified, that he would follow Ofcom's recommendation, whatever that may be.

24th February 2011

3:01:38 pm

183. The email reports "*JH said after his call to Ofcom...*" which I assume is not a reference to me as I never spoke to Ofcom, save for the one conversation I had with Ed Richards. I do not understand the reference to, and have no knowledge of, the "*visibility*" issue to which the email refers.

3:18:25 pm

184. I do not recognise what is said in the first sentence. The OFT and Ofcom did not send their reports to Mr Hunt until 1 March. The second sentence of the email suggests that News Corp was being told that, in light of the intention to publish Ofcom's report, any redactions which they proposed in relation to the report should be made quickly. This is something that I may have relayed to Mr Michel if I had been informed of the situation by officials in the Department. However, I had no direct involvement with the decisions made in relation to specific redactions. The substance of the issues of redactions was being dealt with by [redacted] who was liaising with News Corp's lawyers.

8:41:56 pm

185. Mr Michel was lobbying for a composite report from the OFT/Ofcom to be prepared and, if necessary, published, rather than the separate reports being published which would reveal that News Corp had revised the Undertakings in Lieu which they had initially proposed. In his email to me, Mr Michel confirmed that he had spoken to the OFT about publication of their report and that he had been told by the OFT that they were likely to delay delivery to the Department until the following day. He appears to have been told, also, that Ofcom was awaiting internal sign off. He also appears to have been told by the OFT that they had not been instructed to draft a "*composite*" report for publication and that their understanding was that both of their reports would be published. He tells me in his email that he explained to OFT the problems which he felt existed in relation to the publication of the reports and that [redacted] of Ofcom had expressed sympathy with News Corp's position and that he could see how a "*composite*" final report would facilitate publication. In response, I told him that I would talk to officials and let him know the position. As I have explained, above, the issue was being dealt with by officials of the Department. It was obvious to me that Mr Hunt would wish to publish all reports in line with his policy of transparency. The reports were published on 3 March.

3rd March 2011

186. I telephoned Mr Michel at 2:29 for 3 seconds; at 2:59 for one minute 33 seconds; and at 3:05 for 15 minutes and 5 seconds.

1:32:23 am

187. These emails are sent at the start of the debate relating to redactions prior to the publication of the reports and the draft Undertakings in Lieu. As far as I recall, News Corp wanted redactions to be made to the Ofcom and OFT reports and to the draft Undertakings in Lieu, before they were published, because they considered they contained sensitive commercial information. I was not that familiar with the detail of the matter and was not in a position to express a view on the merits of the arguments save that I, of course, understood the point being made by News Corp that publication of commercially sensitive material could be damaging. I would have reiterated to Mr Michel that the Department's approach remained consistent i.e. that as much material relating to the process, as possible, was to be published in order to ensure that the process was transparent. I assume that the detailed arguments in relation to redactions were undertaken by News Corp and the Department's officials and/or Ofcom/OFT direct. I would not have told Mr Michel that the Department would be asking the OFT to agree News Corp's proposal and I would not have been in a position to express a view as to whether or not elements of the reports or the Undertakings in Lieu were too sensitive to publish.

3:02:34 am

188. I may have advised Mr Michel about the process as, to the best of my recollection, it was the Department's intention to publish the OFT and Ofcom reports on 3 March 2011.

3:25:32 am

189. This email reflects, in broad terms, a conversation I had with Mr Michel in the early hours on 3 March 2011 in which I notified him that Mr Hunt was minded to accept the proposed Undertakings in Lieu and to proceed to consultation ahead of making his final decision. The conversation was shortly in advance of the public statement which I believe was released at about 7 am that morning. As I have mentioned, above, it was the policy of the Department to advise interested parties in advance of a major announcement. Of course, by this stage, News Corp would already have understood that Mr Hunt had reached the view that the proposed revised Undertakings in Lieu were adequate due to the fact that redactions to the documents were being negotiated (it would not have been necessary to negotiate and agree redactions if the Undertakings in Lieu had not been considered acceptable). I believe that, earlier that day, I had a conversation with either [redacted] or [redacted] and that it was agreed that News Corp would not be notified of Mr Hunt's decision until the redaction issue had been resolved. Accordingly, although I was aware of Mr Hunt's decision earlier that evening (as confirmed in [redacted] email to [redacted] at 8:13 pm to which I was copied) I did not notify Mr Michel until I had been informed that the redaction issue had been resolved. In Mr Michel's email, he suggests that I confirmed that the Department would provide a copy of the press statement and consultation documents to News Corp an hour before they were officially published that morning. The previous evening, at 18:08, [redacted] had circulated an email, to which I was copied, advising that News Corp had requested copies of documents, which they had not previously seen, and a copy of the Press Notice which was to be released on 3 March. He expressed the view "*I would have thought that we could send them to News Corp at the same time as we communicate our decision*". I was aware that this issue was being considered by officials in the Department, which I may have advised Mr Michel.

10:49:11 am

190. The email refers to the time at which Mr Hunt was scheduled to make his statement in Parliament. By the time of this email, the press statement had been officially released. I do not believe that I was the source of much of the information in this email because I was not, for example, aware that Mr Hunt had received a telephone call from Enders; or that Mr Hunt had spoken to Alex Salmond; or that Don Foster had written a memorandum to Nick Clegg.

10th March 2011

191. I telephoned Mr Michel at 12:19 for 34 minutes.

3:14:57 pm

192. I was not on any of the telephone calls that Mr Hunt may have had with any newspaper Editors and, therefore, I would not have been privvy to what was discussed. It is possible that Paul Dacre's response may have been mentioned to me, but it was common knowledge that other newspapers were concerned with the commercial implications of the bid. I may, therefore, have had a general conversation with Mr Michel about what was being said at the time publically.
193. Mr Michel may have raised the prospect of judicial review with me and I would have simply responded that due process had been followed. I may have mentioned that Mr Hunt was writing to other MP's by way of a briefing note which is standard practice (known as a "Dear Colleague" letter) in order to explain the decision which he had reached that the Undertakings in Lieu were adequate to remedy the plurality concerns. I also may have commented on a note published by Enders and, not surprisingly, may have said that Mr Hunt remained prepared to stand by his decision notwithstanding criticisms which had been made by Enders.
194. The email appears to report on matters of process which I may have discussed with Mr Michel based on my understanding of the Enterprise Act.

16th March 2011

195. According to my telephone records, I made no telephone call to Mr Michel on this date.

9:53:48 am

196. I do not understand Mr Michel's description of the state of play as being a "non issue", because this was not correct. I was aware, at this time, that constituency MPs were receiving hundreds of letters on the subject and I would not have suggested otherwise.

23rd March 2011

197. According to my telephone records, I made no telephone call to Mr Michel on this date.

8:47:30 pm

198. Mr Michel refers to a meeting with the media coalition which took place on 24 March 2011, which I attended. I had confirmed that the meeting was taking place, by text, the previous day. He may have expressed his views about the opposition to me, which I would have listened to, as I always did as a courtesy, but I did not brief Mr Hunt prior to the meeting.

8:55:47 am

199. The email is another example of Mr Michel offering to send his comments to me and, as I have said, when he made such an offer, I would agree to receive them. However, I would not request or "welcome" News Corp's comments. As for the "update", I believe that the figure for the number of submissions had already been reported in the press and the balance of the email is consistent with my notifying Mr Michel that Mr Hunt's position remained as it had been throughout, but that the consultation was ongoing. I was not intimately involved with the consultation process, for example, I do not recall having read the submissions made by Slaughter & May. Had I been aware of the feeling within the Department that, at that point of the consultation process, nothing had been raised which fundamentally changed Mr Hunt's position, I may have said as much whilst emphasising that the consultation process was ongoing.

24th March 2011

200. According to my telephone records, I made no telephone call to Mr Michel on this date.

8:46:36 am

201. In the event that Mr Michel did "run through" News Corp's arguments with me, either on the telephone or by sending me a memo, I did not brief Mr Hunt about them because, by this point, Mr Hunt was well aware of News Corp's position.

30th March 2011

202. According to my telephone records, I made no telephone call to Mr Michel on this date.

3:27:37 pm

203. The email appears to broadly report on advice which I may have provided on process. I also received a text from Mr Michel from which it is clear that he had heard Mr Hunt on The Media Show in which he publicly confirmed that he was unlikely to make a decision in respect of the suitability of the Undertakings in Lieu proposed until after 26 April.

31st March 2011

204. According to my telephone records, I made no telephone call to Mr Michel on this date.

3:02:20 pm

205. Mr Hunt had made his position clear, publicly, the previous day that he wanted to get things done *"as quickly as possible"*. I also dispute Mr Michel's suggestion that I asked him to provide daily updates and the suggestion that I offered to *"push"* the OFT is not correct and is not credible given that I had no direct contact with the OFT (save for being in attendance at formal meetings with Mr Hunt). It is conceivable that I may have made a flippant remark to Mr Michel about the media opposition not being happy, but this would have been rather self evident.

5th April 2011

5:48:37 pm

206. In this email string, I confirm that I am unable to offer any assurances which were being sought by Mr Michel regarding the outcome of the consultation process.

13th April 2011

207. According to my telephone records, I made no telephone call to Mr Michel on this date.

7:02:52 am

208. Mr Michel may have advised me of News Corp's latest position with the OFT.

209. The reference to phone hacking is a reference to Mr Hunt having previously confirmed, publicly, his view that the issue of phone hacking was not a relevant consideration in relation to concerns about media plurality (which he had said, in Parliament, on a number of occasions including 3 March 2011). Mr Michel may have offered to *"run through"* News Corp's response to the OFT with me and, as usual, as a courtesy, I would have listened. I may have made a comment such as *"keep me in the loop"* and I may also have confirmed that legal advice was being awaited following the end of the consultation period.

10:00:57 am

210. This email is an example of Mr Michel sending unsolicited material to me. As I have said, he would frequently offer to do so and I would simply accept receipt of the material. More often than not, I would not read it or do anything with it. The email confirms that I responded to Mr Michel's question regarding timing, although I was, not surprisingly, rather non committal about the issue.

19th April 2011

211. According to my telephone records, I made no telephone call to Mr Michel on this date.

9:41:21 am

212. The email appears to follow a conversation I may have had with Mr Michel advising him on process. I explained by text that meetings were taking place *"to push ahead"* as Mr Hunt had explained, publicly, his intention to progress the matter *"as quickly as possible"* as I explain, above.

21st April 2011.

213. According to my telephone records, I made no telephone call to Mr Michel on this date.

5:39:06 pm

214. This email appears to be Mr Michel's interpretation of my response, by email (21st April 2011 at 18:01) following Mr Michel's complaints about timing.

215. In his email, Mr Michel reports *"He thinks we can get this done by end May/first week of June including a seven day consultation if there were to be substantial changes to the UIL"*, but this is not something which I stated in my email to him. In my email, I did not agree with the complaints which Mr Michel had made about timing and delay.

5th May 2011

216. According to my telephone records, I made no telephone call to Mr Michel on this date.

8:18:24 am

217. The reference in the email is to a meeting between News Corp and Ofcom/OFT. In an email to me, that day, Mr Michel outlined the agenda of the meeting to me. I would not have asked him for a *"de-brief"* and neither would I have expressed a desire for a *"speedy resolution"*.

6th May 2011

218. According to my telephone records, I made no telephone call to Mr Michel on this date.

11:47:46

219. Mr Michel told me, by text earlier that day, that the meeting had taken place. As I have explained, Mr Michel would provide unsolicited updates to me on such matters, in the same way as he would send material to me, uninvited. Mr Michel's email reports *"Very encouraged by yesterday's OFT/Ofcom meeting and grateful for concessions made..."* which I did not say in my text. In reply, I simply replied *"Great!"*. If we also spoke on that day, it appears that Mr Michel may have advised me that News Corp was willing to concede an issue regarding the Monitoring Trustee which was being required by the OFT. It appears that Mr Michel may have asked me whether further consultation would be required if the Undertakings in Lieu were to be amended. I would have advised Mr Michel that the Enterprise Act 2002 requires further consultation if an Undertaking in Lieu is revised, but I would have expressed no view as to whether or not the Monitoring Trustee issue would constitute a revision to the Undertaking in Lieu because this would be beyond my remit.

10th May 2011

220. I telephoned Mr Michel at 16:36:32 for 22 minutes and 32 seconds.

5:33:43 pm

221. The email refers to a meeting with "JH" to finalise the IP review and in relation to the bid. However, I did not meet with Mr Michel on that day.

16th May 2011

9:00:30 am

222. Mr Michel is seeking an update on timing following an email I sent to him, at 9:22 am, under cover of which I sent an open letter which was to be published by the Department on the Communications Bill. It was standard practice, in circumstances where open letters were to be sent to journalists, in advance, on an embargoed basis, also to send copies of the open letter, in advance to interested parties. For example, I believe I also sent a copy of the open letter, in advance, to ITV, some film companies, possibly also to the BPI and to other interested parties. The letter was published later that day.

17th May 2011

223. I called Mr Michel at 15:57 for 28 seconds; 18:23 for 5 seconds and 18:54 for 5 minutes and 33 seconds.

7:01:48 pm

224. I would not have said that I would call James Murdoch (with whom I never spoke). In order to appease Mr Michel, I may have expressed sympathy with his concerns about the length of time the process was taking, but I would not have resolved to do anything about it. I am not aware whether or not Mr Hunt made such a call.

20th May 2011

8:43:53 am

225. In his email, Mr Michel is summarising an exchange of texts with me. In the exchange of texts, Mr Michel chastised me for not having pre-warned him about comments which had been made, the previous day, by Mr Hunt. He wrote *"You could have warned me about yesterday's speech!!!"* I replied *"It wasn't a speech. It was one remark to journalists and does not say anything different to what I have said to you. Will take as long as it takes and we need to get it right!"*. My text, therefore, makes it clear that it was the position of the Department that the process would take as long as was needed. When pressed by Mr Michel, I confirmed that I had previously speculated that the date might be 24th June and my text *"and that hasn't changed. But we can't tell journalists that can we!"* was intended to indicate, humorously, that the date was pure speculation on my part and that it would not be appropriate to confirm a specific date which might not then be met.

29th May 2011

10:12:09 am

226. The email is a further complaint by Mr Michel about the timing of the process. He also raises a concern which was expressed by News Corp that solicitors who had been instructed by the Department to advise on a number of issues

were considering matters beyond their instructions. To the best of my recollection, I did not respond and made no telephone call to Mr Michel on that day.

2nd June 2011

227. According to my telephone records, I made no telephone call to Mr Michel on this date.

1:41:34 pm

228. The email reports on a text which I sent to Mr Michel which I suspect was prompted by a message which he had left for me. By this stage, I was becoming rather exasperated with the constant contact which I was receiving from Mr Michel and the purpose of the text was to 'get him off my back'. I did tell him, by text, that I had been causing a lot of chaos and moaning on his behalf, which was not the position, but this was said to mollify Mr Michel. With hindsight, I accept that the text was regrettable as it provided a misleading impression. I had no control over the timing of the process and did not get involved in it. I had, however, told him on other occasions, for example, by text on 20 May, that the process would take as long as was needed.

3rd June 2011

229. I telephoned Mr Michel at 13:23 for 19 minutes 20 seconds.

1:13:50 pm

230. I would not have been critical of anybody for having caused delay. I was not in a position to express any view on the legal advice which had yet to be provided. I suspect that I may have listened to the points raised by Mr Michel and would have commented on points of process. Turning to the specific points:- (i) I would have clarified that Mr Hunt was not involving himself, directly, with the Ofcom process (which was already known); (ii) I would not have said that I was not impressed with the OFT team because I had had no contact with them. I would have listened to the complaints made by Mr Michel, politely and for diplomatic reasons; (iii) Mr Michel may have mentioned a share price to me, but I have no recollection of this. I would have maintained the line that the process would take as long as necessary. I do not recall, and I believe that I would not have, requested updates, particularly as the issue of phone hacking was not directly relevant to plurality issues; (iv) it appears that Mr Michel was suggesting that there may be adverse public relations consequences for the DCMS if things did not move forward, although I have no recollection of him making this point. I do not understand the point he is making because it was unlikely that News Corp would benefit from any public sympathy for any perceived delay in the process; (v) I did not agree to and, nor did I, "summons" Ed Richards. It was simply not something that I could have done. If Mr Hunt had planned to meet Ed Richards in relation to the process, I may have mentioned it, but I do not believe that Mr Hunt met with Ed Richards on 6th June; (vi) I may have commented on the date by which the legal advice awaited was expected; (vii) I do not recall having said that I expected that a "green light" would be given; (viii) it suggests that either Mr Michel or I were speculating, but it could have been no more than that as the final advice had not been received by that date; (ix) I may have said that Mr Hunt would not unduly delay making a decision once the second consultation

process was complete, but this is self evident; (x) this is speculation because the decision was certainly not being actively planned as legal advice was still being awaited; and (xi) I was simply confirming that the advice of Ofcom/OFT would need to be obtained before a decision could be taken.

6th June 2011

231. According to my telephone records, I made no telephone call to Mr Michel on this date.

8:55:53 pm

232. Mr Michel is referring to the complaints which he was making, repeatedly, at this time regarding the time which the process was taking. I recall him making a threat that News Corp might withdraw from the process and my confirming that such a threat would not influence the decision. I confirm this is a text to Mr Michel that day.

7th June 2011

4:32:28 pm; 17:29; 17:24

233. This exchange of emails relates to Mr Michel advising me of his efforts to meet with Ed Vaizey and he was seeking my assistance, which I did not provide. In the emails, I speculated that Mr Vaizey might share Mr Hunt's view that it was not appropriate for him to meet with News Corp, other than officially, whilst the process was ongoing. I did not feel that it was necessary to raise the matter with Mr Vaizey.

8th June 2011

234. According to my telephone records, I made no telephone call to Mr Michel on this date.

7:35:01 pm

235. Earlier that day, Mr Michel had sent me an unsolicited update. I replied, to be polite, *"Good stuff. Still on track then"*. I made no other comment on the substance of his text. As I have said, he would frequently provide unsolicited updates.

15th June 2011

10:35:04 am; 11.34 am and 12:24:29 pm

236. This is another example of Mr Michel expressing his frustrations, to which I confirmed that the Department had not dictated a date to the OFT and Ofcom by which they were to provide their reports on the carriage and brand licence agreement. In the last email in this chain, he asked how *"we get things moving?"* and, to the best of my recollection, I did not reply. In the email exchange, I also dispute Mr Michel's criticism of the advice which he had received from [redacted]. I sought to clarify the advice which had been provided by [redacted] that no date had been set by which Mr Hunt was to make a decision following the end of the second consultation period.

23rd June 2011

5:13:42 pm

237. This is an exchange of emails between me and Mr Michel on matters relating to process and, specifically, the breadth of the consultation on the Undertakings in Lieu.

27th June 2011

8:43:11 am

238. This is a further exchange of emails between me and Mr Michel on matters of process, specifically in relation to the timetable and the issue of redactions. In addition to the email exchange, my telephone records indicate that I also telephoned Mr Michel at 13:00 for 17 seconds.

30th June 2011

9:00:43 pm

239. This was the day that the results of the first consultation were published and Mr Hunt's announcement that whilst he was minded to accept the revised Undertakings in Lieu, because they had been revised, further, there would be a second consultation. According to my telephone records, I made no telephone call to Mr Michel on that day.
240. I notified Mr Michel, by text, that Mr Hunt had been happy, from his perspective, with how his statement in relation to the second consultation period had been received and that the bid was in a good place. The description in Mr Michel's email of Tom Watson and Lord Prescott is Mr Michel's view and not mine. In my text, I reiterated that Mr Hunt was keen to progress the matter as quickly as possible.
241. It also appears that Mr Michel was expressing his own view on Ivan Lewis' reaction. I do not recall, and it is unlikely that I made, a comment on the Avaaz campaign. If I had, I certainly would not have described the campaign as "key". It was Mr Michel who remarked to me, in a text that day, that he felt News Corp needed "*to knock Avaaz down*".

12:05:31 pm

242. I communicated Mr Hunt's view to Mr Michel, that, ideally, his decision in relation to the bid would be announced to Parliament, before the parliamentary recess, but that Mr Hunt was not adamant about this.

7th July 2011

243. I called Mr Michel at 17:35 for 11 minutes and 8 seconds.

12:11:20 pm

244. I reiterated in a text to Michel that day, that plurality was the principal concern, which was the public position. It was Mr Michel, in a text to me, who described this as keeping the same "*briefing line*". That Mr Hunt was minded

to accept the revised Undertakings in Lieu and that they had been approved by the OFT and by Ofcom had been publicly stated.

1:01:23 pm

245. I would have confirmed the public position to Mr Michel, namely, that no timetable had been set and that a decision would not be made until the second consultation was complete. This discussion was prompted by speculation in *The Financial Times* that Mr Hunt's plan was to make a decision in September, which was not correct, because there was no date set. In an email to Mr Michel, I had confirmed that *"There's no timetable. We will make a decision when we have gone through responses"*.

4:00:29 pm

246. The email appears to confirm that Nick Clegg's office had also been speaking with Mr Michel and that they had reassured Mr Michel that Mr Clegg was not blocking the bid.

6:01:44 pm

247. I would not have known about any cabinet divisions and, therefore, would not have been able to comment on them. I may have commented on the number of the submissions which had been received during the consultation process in order to provide an indication about the likely future timetable. I do not recognise the reference in the email to the Competition Commission.

8th July 2011

248. According to my telephone records, I made no telephone call to Mr Michel on this date.

10:56:09 am

249. Mr Michel asked me, by text, whether the Department would refer the bid back to Ofcom, which was prompted by the announcement by News International that News of the World was to close. I replied, by text, *"Not sure yet"*. Mr Michel in his email reports *"JH just told me he might send the deal to Ofcom again"*, which is not what I said.

250. The matter was discussed between Mr Hunt, officials of the Department, lawyers and me on a conference call over the weekend and a decision to refer the bid back to Ofcom, in light of developments, was taken by Mr Hunt on the following Monday.

11th July 2011

251. I called Mr Michel at 10.33 for 11 minutes and 42 seconds and at 15.11 for 3 minutes and 33 seconds.

11:00:32 am

252. By this time, Mr Hunt had announced his intention to refer the bid back to Ofcom and no decision, at that time, had been taken to refer the matter to the Competition Commission. The probability that Mr Hunt would refer the bid to

the Competition Commission and that Mr Hunt's letter of referral to Ofcom had been written in consultation with Ofcom appears to be Mr Michel's speculation. I do recall Mr Michel advising me, at about this time, that News Corp was considering its position generally. I emailed draft letters to Mr Murdoch and to Ofcom to Mr Michel which were sent and published that day.

2:25:21 pm

253. The email appears to refer to a general discussion about Mr Hunt's intended statement to the Commons later that day, but the email appears to reflect Mr Michel's hopes about what the statement might include because I did not advise him of the content.
254. Mr Michel would routinely send material to me which was unsolicited. I would take a view as to whether or not the material should be forwarded to an official within the Department, for example Jon Zeff or [redacted]. If the material related, for example, to matters which were being negotiated between News Corp and Ofcom and/or the OFT, I frequently would not pass on the material because I was aware that Ofcom and/or the OFT were taking the lead in relation to the issue and that they would be making recommendations to Mr Hunt, by way of a report, which would include the material of which Mr Hunt would need to be aware. Examples of the material which Mr Michel sent to me, unsolicited, include:
- 254.1 on 2 February 2011, copy correspondence passing between Ofcom and News Corp's solicitors, Allen & Overy LLP, of the same date;
 - 254.2 on 2 February 2011, copy correspondence from the OFT to Allen & Overy LLP dated 1 February 2011;
 - 254.3 on 4 February 2011, News Corp's response to the questions raised by the OFT of 1 February 2011 and News Corp's proposed Undertakings in Lieu;
 - 254.4 on 4 February 2011, copy correspondence from Ofcom to News Corp dated 3 February 2011;
 - 254.5 on 5 February 2011, an article by Ben Fenton which was published that day in The Financial Times;
 - 254.6 on 8 February 2011, a further copy of News Corp's response to the OFT's questions of 7 February 2011 and News Corp's Undertakings in Lieu proposal;
 - 254.7 on 9 February 2011, copy correspondence from Ofcom to News Corp's dated 9 February 2011;
 - 254.8 on 9 February 2011, copy correspondence from the OFT to Allen & Overy LLP dated 9 February 2011;
 - 254.9 on 11 February 2011, copy correspondence from News Corp to Ofcom dated 11 February 2011;

- 254.10 on 22 February 2011, copy correspondence from the OFT to Allen & Overy LLP dated 21 February 2011 including questions raised by the OFT in relation to News Corp's revised Undertakings in Lieu proposal;
 - 254.11 on 23 February 2011, copy correspondence from Ofcom to News Corp of earlier that day;
 - 254.12 on 23 February 2011, copy correspondence from OFT to Allen & Overy LLP of earlier that day;
 - 254.13 on 5 March 2011, a briefing note prepared by David Elstein dated 27 February 2011 in relation to the Ofcom report;
 - 254.14 on 8 March 2011, a briefing note prepared by Enders;
 - 254.15 on 14 March 2011, a copy of an open letter as sent by the Alliance of Media Organisations of that date;
 - 254.16 on 30 March 2011, a copy of the OFT/Ofcom joint questions to News Corp in relation to the draft Carriage Agreement and Brand Licensing Agreement;
 - 254.17 on 4 April 2011, a copy of News Corp's response to the OFT/Ofcom questions of 29 March 2011;
 - 254.18 on 6 April 2011, a copy of a letter from Allen & Overy LLP to
 - 254.19 on 13 April 2011, a copy of News Corp's response to the OFT/Ofcom questions of 8 April 2011;
 - 254.20 on 20 April 2011, a copy of the OFT/Ofcom questions to News Corp regarding the Carriage Agreement, Brand Licence and additional questions emerging from the consultation responses on 19 April 2011;
 - 254.21 on 12 May 2011, copies of the revised Undertakings in Lieu proposed by News Corp;
 - 254.22 on 12 May 2011, Mr Michel's thoughts on the instructions provided to external solicitors by the Department;
 - 254.23 on 29 May 2011, Mr Michel's update in relation to various matters;
 - 254.24 on 7 June 2011, an update provided to him by
 - 254.25 on 10 June 2011, an update on his conversations with
255. As I have said, to the best of my recollection, I did not actively invite Mr Michel to send this material to me. However, I considered that it was part of my role to receive any material which was sent. As I have said, I understood that it was part of my role to act as a "buffer" between News Corp and Mr Hunt so that there could be no suggestion that he was being unduly influenced by the unrelenting lobbying of News Corp in relation to the bid.

256. Finally, I would like to comment on an email which was sent by Mr Michel to Rebekah Brooks on 27 June 2011, which was exhibited to Ms Brooks' Witness Statement dated 2 May 2012 as Exhibit 'RMB 2'. In his email, Mr Michel writes "*JH is now starting to look into phone hacking/practices more thoroughly and has asked me to advise him privately in the coming weeks and guide his and number 10's [sic] positioning...*".
257. In the event that Mr Michel is referring to conversations which he may have had with me, at about this time, I did invite Mr Michel to keep me up to date with steps which were being taken by News International in relation to phone hacking. I felt that it would be useful to know, generally, what News International was intending to do in light of the fact that the Department's brief included matters relating to the media. Developments were happening at a fast pace, at about this time, and I wanted to ensure that the Department was aware of developments at the earliest opportunity, rather than, perhaps, hearing about them, for the first time, in the press. However, Government policy on whether to have an Inquiry into phone hacking was driven by Number 10 with which I had no involvement.
258. I did not tell Mr Michel that he should advise me "*privately*", but rather that I would welcome knowing the steps which were being taken by News International, as they happened. Neither did I say or suggest that the Department wished News International or News Corp to "*guide*" either Mr Hunt's or Number 10's positioning in relation to the matter, which was not the position.

Please provide the Inquiry with a full account of your resignation as Mr Hunt's special adviser on 25 April 2012, including a detailed explanation of your reasons for resigning. Your account should include a detailed chronology of events leading up to your resignation, including the process of announcing it and of settling the terms in which it was announced.

259. On Monday 23rd April 2012, Mr Stephens told me that the Department had been alerted by the Inquiry Secretariat that the evidence of James or Rupert Murdoch would go into details about the contact between News Corp and the Department. He told me that their evidence was, therefore, likely to refer to me.
260. On Tuesday 24th April 2012, I, therefore, watched the evidence sessions live. I was surprised to hear evidence about emails which it was said I had sent to News Corporation, as I did not recognise much of what was said.
261. I believe copies of the emails were published on the Inquiry website at around 16:30. I reviewed the table of emails and text messages exhibited to Mr Michel's Witness Statement, followed by the emails at Exhibit KRM18. My initial reaction was that the evidence that had been presented was not the whole picture, that there was a great deal of exaggeration in Mr Michel's emails and that there were, in fact, relatively few emails from me to Mr Michel. Nevertheless, it was already being reported in the press that I had sent a great number of emails to News Corp and that the emails I had sent had been inappropriate. I realised that, as a result, I was likely to be the focus of a great deal of media and press attention.
262. I went in to see Mr Hunt after I had finished my initial review of the emails. I do not know whether he had, at that stage, read them, but he was obviously aware of their content, in general terms. At some point during our conversation, I said that if the pressure became so great that it would help if I resigned then I would not hesitate to do so. He replied along the lines that it would not come to that. The majority of our conversation was around how one sided and exaggerated things had been so far and that it would change once he had had an opportunity to give the other side of the story.
263. After I left this meeting, I went back to the Special Advisers' office to go through the evidence again to see how it looked after a more detailed examination. I did not change my view on the evidence after reading it again and, in fact, became even more frustrated that the media was reporting things about emails I had allegedly sent when in fact most of the evidence published related to emails from Fred Michel to News Corp staff, and not emails actually sent by me. This further reinforced my view that the media coverage and impression this would create about my actions was going to be very negative.
264. Whilst I was waiting for a taxi, Mr Hunt, Sue Beeby, Lisa Hunter and myself had a drink in the office to reflect on the day's events. It was agreed that I had just been doing my job. I left the office around 20:30 that evening.
265. I arrived at the office at around 07:30 on 25th April. From our discussions the previous evening, I knew that Mr Hunt intended to be in early to prepare for any potential Parliamentary statement he may need to make. I spent the first hour or so going through the press cuttings which confirmed what I had anticipated, namely, that the coverage was focused on me and was very negative. By this time, I was beginning to feel that the honourable thing for

me to do would be to resign. I was aware that a number of meetings were taking place about the situation with Mr Hunt, which I was not asked to attend. Around 09:30, I was asked to see Mr Hunt. In this meeting, Mr Hunt said that "everyone here thinks you need to go". I replied that, in that case, I would go. At no time was I invited to consider the evidence which had been published with Mr Hunt or with the Permanent Secretary or anybody else. Nor did Mr Hunt, nor anybody else, criticise my conduct.

266. Shortly after my meeting with Mr Hunt, I was asked to consider a resignation statement which had been drafted by Lisa Hunter who, as the Special Adviser in the Department, was responsible for media communications. I made a few revisions, but about 90% of it remained unchanged. A little later, Mr Stephens came in to the office with a hard copy of the statement and asked me to make three further changes. I agreed to two of them, but I refused to agree a proposed revision which would have made the first line read "*While I believed it was part of my role to keep News Corporation informed...*" because this had been clear to everybody throughout. The final version of the statement that the Department released later that morning was in the following terms:-

"While it was part of my role to keep News Corporation informed throughout the BskyB bid process, the content and extent of my contact was done without authorisation from the Secretary of State. I do not recognise all of what Fred Michel said, but nonetheless I appreciate that my activities at times went too far and have, taken together, created the perception that News Corporation had too close a relationship with the department, contrary to the clear requirements set out by Jeremy Hunt and the permanent secretary that this needed to be a fair and scrupulous process. Whilst I firmly believe that the process was in fact conducted scrupulously fairly, as a result of my activities it is only right for me to step down as special adviser to Jeremy Hunt."

267. I left the office at about around 11:00.

268. Later, on 25 April 2012, Mr Stephens wrote a letter to me in the following terms:-

"Dear Adam,

I am so sorry that you resigned and in these circumstances. In 30 years in the civil service, I've seen many special Advisers – you have undoubtedly been the best and the straightest. You've worked smoothly and professionally with the department, people here have genuinely valued your ideas, insight and input and, in particular, how you have presented them and worked so co-operatively. You have given great service to Jeremy. Many people around the department today have said to me how much they have valued working with you and how sorry they are.

How you left today was characteristic of the selfless and self-effacing way you've approached the role. I am sorry it was inevitably so traumatic. We are thinking of you, and if there is

anything I can do to help please do not hesitate to contact me.

With very best wishes,

Jonathan"

269. The reason I was prepared to resign was that I had come to the conclusion that my actions had created the perception that something untoward had gone on during my dealings with News Corp. I did not recognise a lot of what was being said about me as being accurate, but in politics the perception is sometimes as bad as the reality. At that time, I, therefore, felt that resigning was the right thing to do.

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

SIGNED:



ADAM SMITH

DATED:

18/05/12