

News Corporation

K.R. Murdoch

First Statement

"KRM10"

12 April 2012

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

EXHIBIT "KRM10"

This is the exhibit marked "KRM10" referred to in the witness statement of Keith Rupert Murdoch dated the 12th day of April 2012.

THE
THOMSON
ORGANISATION
LIMITED

Registered Office: Thomson House, P.O. Box 4YG, 4 Stratford Place, London W1A 4YG
Telephone: 01-629 8111. Telex: 261349. Telegrams: Thomsonorg London W1

26 January, 1981.

The Secretary of State for Trade,
1 Victoria Street,
London, SW1H 0ET.

Dear Sir,

TIMES NEWSPAPERS HOLDINGS LIMITED
THE TIMES AND THE SUNDAY TIMES
("THE TITLES")

I refer to my letter of 23 January, and the enclosures thereto, and our meeting this morning at which you requested us to consider the dates in March 1981 which have been set and announced as the last dates for publication of the Titles under Thomson ownership.

As we indicated at the meeting, we did not consider that the dates could be extended but we agreed to re-consider the matter, together with directors not present at the meeting, in the light of the points you had made to us.

This has now been done, and I write to inform you that we cannot make any change to these dates. We are very conscious of the gravity of this decision, and I hope that you will accept our assurance that we reached it and now reconfirm it only after the most searching and anxious examination.

It is one of the conditions of our agreement with News International that if your consent is not obtained by February 12 the agreement will not have effect. This condition was felt to be an essential counterpart of the time limit agreed for negotiations with the trade unions and chapels. The date was set so that if the conditions were satisfied the titles might be produced on a continuous basis with the least possible damage to their commercial prospects. Even if Thomson were willing to alter or waive this condition, it is also a question for News International (to whom, incidentally, we are sending a copy of this letter).

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They must speak for themselves on this but we have little doubt that they would feel that such an alteration could have such important consequences that it would necessitate a complete reappraisal and re-negotiation of the commercial bargain between us. In this event we would be obliged, in the interests of our public shareholders, to re-examine other possibilities.

You were kind enough to suggest that if an immediate reference were made to the Monopolies and Mergers Commission, it would be reasonable to hope for a report from them by March 25 1981, but we established in our discussion with you that you had no power to guarantee this and there would be a risk that their report would not be available until the end of the full three months which they are permitted.

Assuming the recommendation from the Commission was that the proposed transfer should be permitted, and you were to accept this, there would then be a further period of delay while the trade union negotiations on which News International have already embarked were resumed and completed. In our view, it is certain that if there is a reference to the Commission the current negotiations will be adjourned.

We also have to consider what the position would be if, following a reference to the Commission, consent to the proposed transfer now before you was refused. Even if there was an alternative purchaser, which is by no means certain, a further Monopolies Commission reference might be called for.

We cannot, however, emphasise too strongly that if there is a reference to the Commission of the News International proposal, that proposal automatically lapses because its conditions cannot be met.

Apart from our responsibilities to shareholders, there are a number of other very important practical reasons why the March dates cannot be extended. Were the extension to be made, means would have to be found of securing that the requisite staff stayed on for a further period in order to procure that the titles were produced. It is by no means certain that this could be achieved. All of the possible methods involve the likelihood of difficult negotiations with the trade unions, in which a heavy price may be exacted for their agreement, and exposures under the employment laws to financial liabilities of a magnitude we are not prepared to risk.

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From a commercial point of view, it is also essential that some certainty one way or another as to the future of the titles is quickly established. In our judgment, prolongation of the period of uncertainty would cause severe commercial damage, leading, in the case of The Times, to its demise. Further, the present position is imposing enormous personal strains on the staff of Times Newspapers and this cannot be prolonged. Some may well leave soon, rendering publication impossible, rather than face an extended period of anxiety.

It was, of course, implicit in our decision of October 1980 that if we could not achieve sale by March the titles would have to close, involving heavy redundancy costs, and I would like to confirm that we are fully prepared to face these costs if closure in March becomes inevitable.

We think it right briefly to recall the circumstances in which the original announcement of October 1980 was made. Against the background of the £70m. already provided from Thomson sources to support these titles and continuing heavy losses aggravated by recurring disruption to normal production, it was concluded, sadly, that there was no prospect of making these titles viable in Thomson ownership.

In setting the March dates we struck a balance between the need to end the financial burden on Thomson and the desirability from many points of view of giving a period in which there would be an opportunity for a suitable purchaser to emerge willing to carry them on.

We believe that in News International such a purchaser has been identified, and in this connection I am asked by Sir Denis Hamilton to say that the vetting committee, which he chaired to safeguard such public interest issues as editorial independence, would be very willing to meet you should you so wish. He also asked me to refer to the assurances which News International have already given, and to their willingness to have them incorporated in some suitable form in the constitution of the company, an idea which might be the subject of a condition attached to any consent you may be able to give.

Yours faithfully,

James Evans

JAMES EVANS
Director