

John Whittingdale OBE MP
Chairman
Culture, Media and Sport Committee
House of Commons
7 Millbank
London
SW1P 3JA

1 December 2011

Our Ref

Dear Sir

As you are aware, we represent News Corporation's Management and Standards Committee ("MSC").

Your letters of 16 and 22 November to James Murdoch have been passed to us as a number of your questions concern matters beyond the personal knowledge of Mr Murdoch or raise issues falling within the remit of the MSC. Mr Murdoch will answer the questions concerning his personal knowledge and involvement in a separate letter.

You have asked whether Mr Myler can be given access to documents. The MSC does not think it appropriate to give such access to Mr Myler. That is because the MSC is concerned that giving documents to Mr Myler may prejudice the criminal investigation. The MSC has discussed this with the Metropolitan Police Service who share this concern. The MSC has refused to grant such access to all former employees – the response to Mr Myler's request is consistent with that approach. The MSC can confirm that it has reviewed all available documents likely to be relevant to Mr Myler's request and is satisfied that none throw any further light on the events of May and June 2008. The MSC has seen nothing to suggest that there was a meeting between Mr Myler and Mr Murdoch on 27 May 2008.

You have asked about the admission of liability for the interception of emails in the Taylor, Miller and Clifford cases. The MSC understands that neither Mr Taylor nor Mr Clifford made allegations that there had been e-mail hacking. Ms Miller did make a late amendment to her claim to allege e-mail hacking. This is a technical legal matter but the MSC has been advised that the order recording the settlement and the statement made in open court did not include any admission in relation to that late amendment.

You have asked about the remarks made by Robert Jay QC at the Leveson enquiry concerning an alleged reference to the Sun in Mr Mulcaire's papers. On the second day of the hearing Mr Rhodri Davies QC, counsel for News International, explained that the document in question was subject to a strict confidentiality order made by Mr Justice Vos and should not have been made public. The confidentiality order only allows certain named individuals to see the document in question – Mr Murdoch is not one of

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those named. The MSC considers that the order made by Mr Justice Vos prohibits further disclosure or discussion of the document.

You have asked for details of the settlement with Mr Clifford. The MSC understands that an agreement was negotiated by Rebekah Brooks. None of the enquiries undertaken by the MSC have identified any written agreement with Mr Clifford (other than an exchange of correspondence between solicitors confined to the question of legal costs). The MSC understands that the agreement between Mrs Brooks and Mr Clifford was concluded in early February 2010 and was to the effect that the commercial relationship between Mr Clifford and the company would recommence, that Mr Clifford would help with stories and would be paid a retainer of £200,000 per annum for two years. The company also paid Mr Clifford's legal costs which amounted to £283,500 plus VAT. The MSC understands that Mrs Brooks was authorised to conclude this agreement by virtue of her position as Chief Executive of News International. The MSC has seen no information to suggest that this agreement was discussed by the Boards of News Group Newspapers, News International or News Corporation. The MSC can confirm that legal proceedings were commenced in July 2009 against NGN and Mr Mulcaire, a defence was filed on behalf of NGN in October 2009 and the case was discontinued in early 2010. The MSC is not aware of claims made by Mr Clifford against others. Michael Silverleaf QC was retained to advise on Mr Clifford's claims. The case was discussed with Mr Silverleaf in a conference in early January 2010, but he did not deliver any formal written opinion. Mr Silverleaf did not advise on the terms of the agreement reached between Mrs Brooks and Mr Clifford. The MSC does not know whether Mrs Brooks was shown Mr Silverleaf's opinion on the Taylor case. The MSC understands that Mr Chapman was involved in internal discussions concerning the Clifford case.

We have sought in this letter to provide you with an account of the agreement with Mr Clifford which we trust will be sufficient for the purposes of your investigation. We have agreed to provide all of the Clifford documents to the Metropolitan Police Service and, in those circumstances, do not think it appropriate to provide you with further details or documentation. We are concerned that further publicity at this stage may prejudice the police enquiries. We have discussed this with the Metropolitan Police Service who share our concern.

Finally, you have asked about the surveillance of members of the Committee and their friends and family. The MSC is currently looking into this matter and its enquiries are not yet complete. However, the MSC can confirm that there is information that Mr Watson was under surveillance by Mr Derek Webb between 28/9/09 and 2/10/09. The MSC's present understanding is that three employees were involved in commissioning this surveillance. We do not think it appropriate to name the individuals involved given the ongoing police investigations. We have discussed this with the Metropolitan Police Service who share this view. The MSC has seen no information yet to suggest that any other member of the Committee (or their family or friends) was under surveillance.

Yours faithfully

Linklaters LLP