

News Corporation
F Michel
Third Statement
11 July 2012

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

**THIRD WITNESS STATEMENT OF
FREDERIC MICHEL**

I am grateful to the Inquiry for the opportunity to respond to the evidence I have heard given by Norman Lamb MP and Tim Colbourne.

1 Meetings with Norman Lamb M.P.

1.1 Meeting on 10 June 2010

- 1.1.1 I first met Norman Lamb, who was the Chief Political Adviser to Nick Clegg, on 10 June 2010, shortly after the general election. I met him to introduce myself and make sure he knew I was at News Corporation and looking forward to establishing a good working relationship with him and the Liberal Democrat leadership.
- 1.1.2 At that time, I had known Nick Clegg for about 10 years and had been a friend and supporter of his since long before I joined News Corporation in May 2009. Once I joined the company, I continued to be a firm supporter and wished to see Nick Clegg do well in the coalition.
- 1.1.3 I met Norman Lamb for coffee in the atrium of Portcullis House. I do not now recall the exact words used at this meeting by either of us and did not keep a note of it. I do recall, however, that the tone of the meeting was very friendly and our conversation ranged over various aspects of the Liberal Democrat agenda, including health reforms, the way the election had gone and the future of the coalition government. I remember we also talked about Norman's career as an MP and various European policy issues, which was very much my professional background.
- 1.1.4 I am certain that we did not discuss the BSkyB bid at this meeting. It had not been announced and I was not aware then of the specifics or timing of any bid. I would

add that if I had been aware of an imminent announcement, I certainly would not have discussed it with Norman Lamb as this would have involved passing on highly sensitive commercial information.

1.1.5 I note that at paragraphs 3 and 4 of his statement Mr Lamb says that on both 10 June and 27 October the bid was discussed as a "proposed takeover", that "at that time, Vince Cable, the Secretary of State for Business, Innovation and Skills had ultimate responsibility for deciding whether to make a referral of the proposed takeover of BSkyB to the Office of Fair Trading" and that he (Mr Lamb) was "acutely aware" that the Secretary of State had to exercise a quasi-judicial duty. Mr Lamb's recollection must be mistaken in this respect. On 10 June Dr Cable did not have any responsibilities in relation to the bid for Mr Lamb to be aware of. Indeed, there was at that time no actual bid.

1.1.6 I am aware that, in his oral evidence, Mr Lamb said that he was referring only to a discussion "in general terms" about the proposal and appeared to agree with Mr Jay's suggestion that it was discussed "more in terms of an idea which may or may not be announced at some stage in the future". For my part, I am sure that on 10 June we did not discuss the bid at all.

1.2 Meeting on 27 October 2010

1.2.1 I requested a further meeting with Norman Lamb in October, which took place on 27 October. I requested the meeting because, as I have explained in evidence, News Corporation was concerned at the time, following feedback picked up at party conferences and the heavy media coalition campaign against the bid, that the bid was going to be dealt with as a political issue rather than be judged on the legal merits of the case. We were also concerned about the absence of any dialogue between the Department for Business, Innovation and Skills and News Corporation. I hoped that speaking with Norman Lamb might help to get us a hearing with Dr Cable.

1.2.2 I do not recall, word for word, what was said at this meeting, but know that again the tone of the meeting was very friendly and open.

1.2.3 I briefed Norman Lamb on matters relevant to News Corporation which included the recent announcements about the digital strategy for the NI newspapers which was a major move in the media industry. We also, of course, discussed the BSkyB bid as this was my main concern at that time. Again, I do not remember my exact words but I told Mr Lamb about News Corporation's growing sense of frustration over how the bid was being handled with no opportunity to make verbal representations at any stage and pointed out, as I always did with everyone, that

News Corporation were very confident that there was no case for referring the bid when reviewed on the proper legal basis.

- 1.2.4 I said words to the effect that the News Corporation team didn't think it was a fair way of running a process and that each party should be able to put its case forward and try to alleviate any concern.
- 1.2.5 Norman Lamb did not seem to be very aware of the details of the bid process. I do not recall his exact words but they were to the effect that it was very helpful information and he understood my concerns.
- 1.2.6 We also had what could best be described as a gossip about the political environment and issues such as tuition fees, AV reform, and the performance of the coalition. These were all matters in which I was very interested as a supporter of Nick Clegg and Norman was open and happy to share his own views about them.
- 1.2.7 As part of this conversation we did, quite naturally, discuss the media coverage of these issues. Again, I do not recall exactly what was said but I am sure that the harsh coverage by The Sun during the election was mentioned as was, I believe, the fact that The Times had been very fair since the election. Those were certainly my opinions at the time which I am likely to have expressed when speaking to any Liberal Democrat and I believe I expressed them to Norman Lamb.
- 1.2.8 Another subject which I am sure came up was that the Liberal Democrats were facing something of a "media storm" following the controversy around tuition fees (the student demonstrations took place only two weeks after this meeting) and were going to face more controversy around AV reform when coverage might well get worse. It is in that context that we spoke about the AV referendum.
- 1.2.9 I do not recall who said what exactly but the gist of the conversation was how Nick Clegg could best make his arguments heard on voting reform. I did refer to The Sun's traditional use of graphics as a good way to educate people about the benefits of AV. I also mentioned to Norman Lamb that I had already encouraged senior Liberal Democrats to make their case to the NI papers and that the best way was to go and brief the Editors and their teams directly.
- 1.2.10 I also said to Norman Lamb at some stage that I felt that Nick Clegg had real credibility internationally and that he should try to gain more profile in respect of international issues. I cannot recall, however, if I mentioned this in the June or the October meeting.
- 1.2.11 As a supporter of Nick Clegg, these were all entirely natural conversations for me to have with his chief political adviser and I would have had similar conversations with a number of other Liberal Democrats.

- 1.2.12 I therefore agree with Norman Lamb that I raised the subject of the BSKyB bid with him at our second meeting and do not doubt that I would have argued strongly that there were no proper legal grounds for referral. I also recall mentioning the frustration at News Corporation with the way Dr Cable was handling the bid.
- 1.2.13 I also agree that at some point in the meeting we discussed the press coverage given to the Liberal Democrats and, given the position in which the party found itself at the time, I would not be at all surprised if I voiced my opinion that it might get worse. This was a view held by many in Westminster.
- 1.2.14 I am sure, however, that I at no time in this meeting either explicitly or implicitly linked, or intended Mr Lamb to think that I was linking, Dr Cable's handling of the bid with News International's coverage of the Liberal Democrats. Our meeting remained very friendly all the way through and there was nothing to indicate to me at any time that Mr Lamb thought he was being threatened.
- 1.2.15 I cannot account for how Mr Lamb reached the misunderstanding that he did about what I was saying to him as, not surprisingly, he doesn't recall exactly what I said that gave rise to the impression he went away with. I can only say that I am surprised, and rather shocked, that he could have thought I was making threats. As I have said, the meeting was very friendly and I never had the least impression that he thought he was being threatened. I have, of course, read the note produced by Mr Lamb on the day he gave his oral evidence. I understand from what he said in his evidence that this note was prepared, probably late at night, some days after our meeting took place and that its purpose was as preparation for some kind of memoir rather than as any formal note of our conversation. As such, it is obviously more of a record of Mr Lamb's impressions than it is of what I actually said to him. It seems to me that Mr Lamb has, in his own mind, linked various topics of conversation in a way that was certainly never intended by me. I see that he refers to me as being "News International" and to "News Int." papers landing on Dr Cable's desk. This is not, in fact, correct as I represent News Corporation and any "papers" would relate to that entity. It may be that Mr Lamb's mistaken identification of me as representing News International and its papers is partly responsible for the misunderstanding which seems to have arisen.
- 1.2.16 For the avoidance of doubt, I only ever represented News Corporation and as such never had any involvement in or influence over any coverage by NI titles. I confirm that I was never asked by anyone to make the sort of threat that Mr Lamb refers to, and would not have done so had I been asked.
- 1.2.17 It is a matter of great regret to me that, although my meeting with Mr Lamb was in October 2010, which is 20 months ago now, it is only now that anybody has raised with me the suggestion that I made a threat, although I have had many friendly

contacts with Liberal Democrat politicians and advisers in the meantime. I find it very odd that if I was thought to have threatened the party, although they kept talking to me, nobody brought it up with me before. If it had been brought up earlier, I am sure that I would have been able to clear up what seems to be a misunderstanding.

2 Meeting with Tim Colbourne

2.1 I would also like to respond to the evidence given by Mr Colbourne.

2.2 I met Tim Colbourne for about an hour at No. 10 on 2 December 2010. He has produced the email I sent him to arrange the meeting. As far as I am aware, the meeting was not part of a round of "introductory meetings" that he had with representatives of the industry but one that I instigated as he was the special adviser to the Deputy Prime Minister in charge of the creative industry and media issues. Chris Fox, the Chief Executive of the Liberal Democrats suggested I contact Mr Colbourne for this reason.

2.3 I do not understand Mr Colbourne's comments that he would not have met me if he had known I would raise the B SkyB bid as I was raising it with various relevant people at the time (as I would expect him to have known). Indeed Mr Colbourne later said in evidence that he wasn't entirely surprised that it was raised and indeed found it useful to understand the "contours of the process".

2.4 As I have already stated in evidence, the content of my email at "KRM 18", p.36 is a fair summary of my understanding of our conversation. As we spoke for about an hour we plainly covered more than is set out in Mr Colbourne's note. I had no reason to deliberately misrepresent his position in an internal note to my employers.

2.5 As regards my particular comments:

2.5.1 "detailed debrief of the current state of the Ofcom process" refers to my explaining the process to Mr Colbourne as he has recorded in his note. I have been advised that my use of the word "debrief" might be thought to suggest that he was giving information to me. That is not how I used the word or the position I intended to convey. I explained the position to him.

2.5.2 "debrief on the state of plurality in the UK ..." refers to my explaining audience shares to Mr Colbourne as he has also recorded in his handwritten note. Again, I have used "debrief" in the sense of "brief". "Strong amazement" is my comment on his reaction to this information. He was very surprised by the information I gave him.

2.5.3 I have already commented in my evidence on 24 May on the bullet point "honest discussion on the importance of us getting Labour on board/comfortable with the transaction as it will influence Cable a lot".

This does reflect part of the conversation I had with Mr Colbourne. By "us" I meant News Corporation. I spoke about what we perceived to be the importance to Dr Cable of Labour's attitude to the bid. I cannot recall what Mr Colbourne's views were or whether he expressed anything specific about the subject. I came away with the understanding that he understood our position. The "honesty" I refer to was mine in speaking openly with him.

The comment that Labour's position would "influence Cable a lot" was my opinion and the note does not suggest otherwise.

- 2.5.4** As to the note "he will insist on the need for Vince to meet with us once Ofcom report published", by "he" I meant Tim Colbourne. We did agree in the meeting that it would be a good idea for News Corporation to be able to meet with Dr Cable and I certainly left the meeting with the understanding that Mr Colbourne understood our frustrations and was happy to put them to Dr Cable's office.

My use of the word "insist" was not intended to suggest that Tim Colbourne could require Dr Cable to meet with us but that he would make a case that this should happen. I have heard others suggest that they said things to me to placate me. If this was the case with Mr Colbourne such that he, in fact, had no intention of taking any action I would have had no way of knowing that.

While Mr Colbourne was not a Special Adviser to Dr Cable, he did have responsibility for Culture, Media and Sport, a policy area into which the bid plainly fell.

- 2.5.5** We also discussed the Digital Economy Act which is referred to at the last bullet point in my note and the second in Mr Colbourne's. This was a reference to the "site blocking" provisions in the Act which Nick Clegg had promised in his election campaign would not become law if the Liberal Democrats were in power.

Mr Colbourne did tell me that an announcement retreating from this position was to be made at the end of January. The website for the Department of Culture Media and Sport confirms that a government press release, quoting Nick Clegg's comments to that effect, was made on 1 February 2011.

- 2.5.6** As to the comment "need to support Nick", this does not refer to or suggest any kind of "deal" and does not refer to support in News International publications. A public corporation has many ways of supporting government policy or proposed policy. For example, News Corporation supported the Hargreaves Review on Intellectual Property by way of a public statement. This support might also take the form of briefing trade bodies, encouraging press releases or media comments by those bodies or on behalf of the corporation itself. These were all within my remit

within News Corporation whereas I had no influence over the editorial policy of News International newspapers.

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

Signed ...

Dated 11/07/12.....