

## **Third of News shareholders against Murdoch's sons**

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Shareholders registered their anger over News Corp.'s involvement in Britain's phone-hacking scandal, with more than a third of the ballots cast opposing the re-election of Rupert Murdoch's sons James and Lachlan to the company's board of directors.

The results released Monday from the company's annual meeting last week suggest that most shareholders not affiliated with the family are opposed to one of Murdoch's children taking control of the media conglomerate when its 80-year-old leader steps down.

"This is the autumn of the patriarch," British lawmaker Tom Watson, a Labour Party member of Parliament who attended the meeting in Los Angeles, said Monday. "The investors have chosen to send a signal that this company needs to be run on proper lines rather than like a family firm."

About 35 percent voted against James Murdoch, the chief executive of News Corp. International who approved payments to hacking victims, and 34 percent voted against Lachlan Murdoch. About 14 percent of shares were cast against CEO Rupert Murdoch, who founded the company with a single newspaper in Australia in 1952 and grew it into a media behemoth that owns The Wall Street Journal, Fox News and the 20th Century Fox movie studio.

The vote against the sons represents more than half of the cast ballots outside the control of either the Murdoch family trust, which has about 38 percent of the outstanding shares, or the family's key backer, Saudi Prince Alwaleed bin Talal, who has 7 percent.

Ballots representing about 17 percent of the company's voting shares were not cast.

News Corp. has come under fire following revelations of widespread phone hacking at its British tabloid, News of the World, including hacking the cellphone of missing 13-year-old girl Milly Dowler. A private investigator hired by the paper deleted Dowler's voicemails, giving the family and police false hope that she was alive, though she was later found murdered.

The company is also being investigated on allegations of police bribery and computer hacking.

The scandal has forced the resignation of two of London's top police officers, ousted top executives such as Dow Jones & Co. CEO Les Hinton, and claimed the job of

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Prime Minister David Cameron's former spokesman, Andy Coulson, an ex-News of the World editor.

Under the weight of criticism, News Corp. closed the tabloid and dropped its \$12 billion bid for full control of British Sky Broadcasting.

Shareholders showed support for executives charged with cleaning up the mess. About 96 percent backed Joel Klein, a former U.S. assistant attorney general who became a company executive in July and who is directing the company's internal probe. Nearly 99 percent backed new board member James Breyer, a Silicon Valley venture capitalist who also serves on the boards of Facebook, Dell Inc. and Wal-Mart Stores Inc.

Many votes were cast against the incumbent directors including:

- 33 percent against Natalie Bancroft, an opera singer who joined the board at age 27 in 2007 as part of the Bancroft family's sale of Dow Jones & Co.;
- 32 percent against Andrew Knight, the chairman of the compensation committee and former head of the U.K. operations; and
- 30 percent against Arthur Siskind, a Murdoch adviser and the company's former general counsel.

Several corporate governance experts have criticized News Corp.'s two classes of shares — voting and non-voting — which allow the Murdoch family to control the company even though their voting shares account for less than 15 percent of the company's total \$44 billion market value.

Still, the scandal has not severely damaged the share price, mostly thanks to a recent \$5 billion share buyback plan that is about a third complete.

News Corp.'s shares rose 20 cents, or 1.1 percent, to close at \$17.40 on Monday. That's still down about 3 percent since the phone hacking scandal broke in early July.

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