

News Corp. board backs Murdoch after hacking scandal

August 11 2011, by Glenn Chapman

Rupert Murdoch claimed boardroom backing Wednesday to remain at the helm of News Corp. as he worked to shift attention from the phone-hacking scandal to his media behemoth's healthy bottom line.

"The job won't be open in the near future," the 80-year-old media mogul quipped when asked during an earnings conference call whether the board was considering replacing him as head of the global operation.

"The board and I believe I should continue in my current role of chairman and CEO," he contended. "But make no mistake, ([chief operating officer](#)) Chase Carey and I run this company as a team."

Murdoch expressed confidence in his son James, long seen as heir to the News Corp. throne, but said the job would go to Carey "if I went under a bus."

The media mogul said confidence remained strong in his son, whose rising star has been dimmed by his handling of the phone-hacking scandal.

Murdoch said any succession decision would ultimately be up to the News Corp. board, which he defended as "strong and very often critical."

Along with boasting about its latest earnings figures and prospects in the months ahead, News Corp. raised its dividend for the first time in two

years.

Although net income for the fourth [fiscal quarter](#) fell 22 percent to \$683 million, News Corp. finished the year with profits amounting to \$2.74 billion, a 7.9 percent increase compared to 2010.

Fourth-quarter profit was eroded by a \$254 million loss attributed to faded social [networking website](#) MySpace, but the company still beat [Wall Street expectations](#).

News Corp. sold MySpace, the social network which it bought in 2005 for \$580 million, during the quarter for a paltry \$35 million, bringing the curtain down on Murdoch's tie-up with the one-time [social networking](#) sensation.

The quarter was also being compared to the same period last year, when 3D film hit Avatar caused a windfall, according to executives.

News Corp., which owns the Fox television network and The [Wall Street Journal](#) in addition to a host of worldwide newspaper, Internet, broadcast and cable television interests, is grappling with the biggest crisis in its history.

A phone-hacking scandal in Britain has mushroomed into a full-blown public relations nightmare for the media and entertainment colossus.

Murdoch said the company was "cooperating with all investigations," indicating for the first time that the probe was widening to other News Corp. operations.

"While it has been a good quarter from a financial point of view, our company has faced challenges in recent weeks relating to our London tabloid, News of the World," he added.

"We are acting decisively in the matter and will do whatever is necessary to prevent something like this from ever occurring again."

During the tumultuous quarter, News Corp. closed the 168-year-old News of the World and abandoned its bid for full control of British pay television giant BSkyB.

The quarter also saw the resignations of trusted Murdoch aides Rebekah Brooks, a former News of the World editor, and Les Hinton, chief executive of News Corp.'s Dow Jones unit, which publishes The Wall Street Journal.

Brooks was editor of the News of the World from 2000-2003, when reporters at the newspaper allegedly hacked the phone of murdered teenager Milly Dowler -- the claim that sparked the crisis and led to the tabloid's closure.

"I've run this company for more than 50 years; the kind of behavior that happened in that newsroom has no place in News Corp," Murdoch said.

News Corp. shares have lost more than 20 percent of their value since the first reports in early July that phone-hacking victims in Britain included Dowler.

"It is important to note that there has been no material impact on our operations," Murdoch said of the scandal. "Our global business is robust."

News Corp. stock slid nearly six percent but rose a fraction of a percent to \$13.83 in trading after release of the earnings results.

Company executives said that abandoning the bid for BSkyB freed up \$5 billion to buy back the corporation's "woefully undervalued" stock.

News Corp. told financial analysts that savings from selling money-losing [MySpace](#) were likely to be offset by the lack of revenue from News of the World.

The company planned no major acquisitions with its ample operating cash reserves, saying that it preferred "to build rather than buy businesses."

[News Corp.](#) expected its cable television business, which accounted for more than half its revenue in the past year, to keep flourishing.

The company intended to expand its offerings in the digital space, where its content was "getting tremendous uptake not just on the iPad but on the Kindle," according to Murdoch. "I am feeling very confident," he said.

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