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News Corp. Board Undergoes a Shuffle

By **Jeremy W. Peters and Matt Richtel** September 2, 2011 10:43 am

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The News Corporation's board of directors underwent significant reshuffling on Friday with the departure of two long-serving members and the nomination of a new independent voice.

James W. Breyer, a prominent venture capitalist and member of Facebook's board, will be nominated for election to the board when shareholders gather for their annual meeting in October. He is expected to lend an outside perspective to a body that is viewed as highly deferential to its chairman, Rupert Murdoch.

At the same time, Thomas J. Perkins, a leading Silicon Valley entrepreneur who joined the board in 1996, and Kenneth E. Cowley, a former executive at Mr. Murdoch's Australian media division who has been a senior official for the News Corporation since the 1960s, both said they were stepping down.

The company, which is under investigation on two continents for improper business and journalism practices, is facing growing questions about the independence of its board.

While the News Corporation complies with Nasdaq guidelines for the number of directors who lack direct ties to the company, many of the directors

who are considered independent for practical purposes have long histories with Mr. Murdoch. In many cases, they owe their personal wealth to him.

Though Mr. Perkins, 79, had minimal ties to News Corporation before joining the board in 1996, Mr. Cowley, 76, ran Mr. Murdoch's Australian operations for nearly 20 years. Both were considered independent under Nasdaq rules.

Mr. Breyer appears to have no direct links to the News Corporation. His experience on corporate boards is deep. In addition to Facebook, he serves on the boards of Wal-Mart, where he is the presiding independent director, and Dell.

In an interview on Friday, Mr. Perkins defended the board's independence and said his departure had nothing to do with the company's troubles. He said his decision to step aside was related largely to his age, as he told Mr. Murdoch when Mr. Perkins said the pair first discussed the issue in May.

"If I remained on the board, you'd have two 80-year-olds and one of them owns the company," Mr. Perkins said.

He said he felt corporate governance experts might consider it to be a problem to have two octogenarians on the board and, he added, he has been increasingly less comfortable doing work travel and undertaking other board activities as he has gotten older. Mr. Perkins, an avid sailor and water sportsman, continues to travel for pleasure, including taking dives in his personal submarine.

Speaking publicly for the first time about the role of the board since the scandal, he said independent directors had been playing an integral role in the internal investigation. He said he expected the News Corporation to come forward shortly with the results of its investigation, some of which would be quite damning.

“It will be answers to every question — a convincing revealing of everything,” Mr. Perkins said, suggesting that it would include addressing issues “we’re very ashamed of.”

The nomination of Mr. Breyer, 50, is in step with the News Corporation’s strategy to make digital businesses a focal point of its growth strategy.

In a statement, Mr. Murdoch said: “Jim has a remarkable track record in the investment community and his background in media and technology will enable him to make significant contributions to News Corporation’s board.”

Just last month, the board was expected to add Elisabeth Murdoch, Mr. Murdoch’s daughter. But she and the company decided it was best to delay her nomination. Not only is the company facing questions about hacking voice-mails of private citizens in Britain and anticompetitive practices in the United States, but it is being sued over its acquisition of Ms. Murdoch’s production company, Shine.

The purchase spawned a lawsuit last spring on behalf of some shareholders. The suit, filed by Amalgamated Bank, asserted that Mr. Murdoch ran his company “as his own private fiefdom with little or no effective oversight from the board.”

The News Corporation has moved to dismiss the suit.

But on Friday, it was one of Mr. Murdoch’s other children who was the focus of attention. James, the company’s London-based chief operating officer who has been the focus of unrelenting criticism in Britain, said he was declining his \$6 million bonus.

Weighing in on James’s future at the company, Mr. Perkins defended him, saying the board had “total confidence in him,” as well as in the whole Murdoch family. He added: “If you don’t like nepotism, you don’t buy shares in News Corp.”