

Murdoch sees increasing costs at *WSJ*

NEW YORK, US: News Corp CEO Rupert Murdoch sat down with Bloomberg TV's Betty Liu this week to discuss the break-up of the company. Murdoch said he sees "increasing costs" at *The Wall Street Journal* but "hopefully, increasing our revenues by more than that."

Murdoch also said that News Corporation has "very large reserves of cash in the bank earning next to nothing. We're in pretty strong shape."

Murdoch on what triggered his decision to split the company:

"I took quite a long time to come to it. I have been getting advice to do it or not to do from various parties over the last two to three years. I weighed it all up and finally a couple of months ago realised it was the right thing to do it and would add great shareholder value and that would lead to two better companies. Better managed simply in every way. Easier to manage and we could concentrate on our assets and maximising them."

On Wall Street analysts and shareholders arguing for a split of News Corp for a good period of time:

"I shouldn't say this. I respect the analysts, but they dumped on me when I started Fox News. They dumped on me when I bought The Sun in London. I could go on. The analysts took our share prices down. I'm not too carried away about what they say. Although, I am happy to have them saying nice things at the moment."

On why Murdoch hasn't named a head of News Corp's publishing unit:

"Because I haven't made up my mind and there's no hurry. We will be in this process working as exactly as we are today for approximately 12 months. Within that time, I will make my choice and make the announcement...Unless there's something very extraordinary, I would think it would be internal. We have a wonderful bench of executives across the whole company. I have no lack of choice."

On how involved he will stay in News Corp's publishing unit:

"I will be very involved. It will depend on events as things go along how my time will be divided."

On how separating the publishing unit will unlock the potential to digitise and monetise content:

"I don't think the separation unlocks it, but I do believe there's a huge potential there to be unlocked, which we're working at very hard. I was the first person, I think, to come out saying people will pay for news. It's the most valuable commodity in the world, and we have proved that. We're charging now for most of our digital services whether it be on phones or tablets or PCs. And those things are growing at an incredible rate."

On what News Corp can be doing with its publishing assets that others aren't:

"I think we have to do it better, that's the first thing, and I think we have some remarkable titles such as *The Wall Street Journal* or *The Australian* or the *London Times*. We've discovered through success and failure that big famous titles have a great start on this."

On whether there will be cost-cutting in the publishing unit:

"We are. It's been announced a pretty full reorganisation in Australia which will result in cuts. There's some reorganisation starting in Britain. But here at *The Wall Street Journal*, we will be as efficient as we can, of course, but I would see net-net around the world we will be increasing our numbers and increasing our costs, and hopefully increasing our revenues by more than that."

On analysts who call for selling some assets on the publishing side to shore up the capital base:

"We're going to set it up. [The publishing business] will have a positive cash flow from day one with the assets that are going into it, a good positive cash flow. And it will have no debt. In fact, it will also have cash reserves. As a company, News Corp today, we have very large reserves of cash in the bank earning next to nothing. We're in pretty strong shape."

On whether the debt side of News Corp will reside within the media and entertainment company:

"I think you can say that. There are decisions to be made on all these things, but I think that is a reasonable assumption. We have we have spoken to S&P and are looking forward. We do not think it changes our ratings or anything to do this."

On what he's learned over the past year:

"Well you're always learning things. You're learning that there are disruptive technologies and disruptive challenges coming that you have to turn into your own advantage. You have to realise, I think, that success carries its own burdens. I think we're, for instance, not only the most successful newspaper publisher in Britain by a long way, but therefore we're biggest target for everybody. I said to someone else this morning, there's a lot of speculation that a Fairfax is in Australia, which was a great company and a leading one and is in very severe trouble. It would be a nightmare if it closed down because it would leave us in a monopoly situation, which is the last thing we want."

On whether BSKyB was a factor in splitting:

"Not at all. We're doing it purely as a business decision that the company would be better in this way."

Video of the interview, courtesy Bloomberg Television

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