

Key Dow Jones Holder Cites Opposition To Murdoch Bid

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An influential member of the family that controls [Dow Jones & Co.](#) said he opposes selling the company to Rupert Murdoch's [News Corp.](#) for fear such a step would endanger The Wall Street Journal's independence.

"Why would I risk that?" said Christopher Bancroft, who also is a Dow Jones director, in his first public comments about News Corp.'s \$5 billion bid. "I'm open to any situation that benefits The Wall Street Journal and Dow Jones and its shareholders. At the moment, I don't see anything that would do that."

His remarks come as the family, which controls 64% of the voting shares of Dow Jones, continues to ponder the offer, made in April, amid signs of growing tension within the far-flung clan. Family members met yesterday in Boston, partly at the behest of one branch of the family, the Hills, who felt the family needed to discuss its options, said people familiar with the matter.

But several key members of the family didn't attend, including Mr. Bancroft. Neither did William Cox Jr., nor any of his four children, who together represent another important branch of the family that controls about 15% of the family's total Class B shares. Mr. Cox also has said he opposes the News Corp. offer.

In an interview, Mr. Bancroft said he has a strong emotional connection to the paper, feels personally responsible to the staff and didn't want to "pull the rug out" on them. He said he recently sent replies to 50 letters sent to him by Journal reporters, some of which left him emotionally moved, he said.

The comments by Mr. Bancroft, a Dallas-area businessman, are

significant because of his position both as a trustee of the family's fortune and as one of Dow Jones's 16 directors. He and his two siblings control about one-third of the Bancroft clan's stake in Dow Jones. He has been regarded by some in the News Corp. camp as a potential swing vote who could steer the family in its favor.

After the News Corp. bid became public early this month, Dow Jones issued a statement saying it had been informed that votes representing 52% of the total voting shares of the company had rejected the bid. Most family members, and especially those who control the trusts, which possess the bulk of the voting shares, have remained united in their opposition to News Corp. and its chairman. Like Mr. Bancroft, they fear he will diminish the paper's quality and feel the family has a responsibility to maintain the company's traditions, say people close to the matter.

But Mr. Murdoch's bid has prompted the family to focus on what Dow Jones's future might be as a stand-alone entity without a deep-pocketed partner. So the idea of taking some form of action, such as seeking a third-party investor, is gaining momentum.

While some Bancrofts, especially younger ones, are open to exploring other alternatives, the family is far from reaching a consensus on what course to take, according to people familiar with the matter.

The question of whether Dow Jones has enough scale to survive as an independent company is fueled by recent upheaval in the news and financial-information industries, in particular the planned \$17.2 billion merger of [Reuters Group PLC](#) and [Thomson Corp.](#) Among those worrying about these matters are some who have told relatives they staunchly oppose Mr. Murdoch's offer, say people close to the situation. But the size of Mr. Murdoch's bid -- which, at \$60 a share, carries a hefty premium over Dow Jones's stock price before the proposed deal became public -- and his ability to increase it further could make finding another buyer or investor difficult. Dow Jones shares yesterday were up \$1.28, or 2.5%, to \$52.74 in 4 p.m.

composite trading on the New York Stock Exchange.

Indeed, News Corp.'s offer has laid bare old fault lines within the family over its stewardship of the company and the sweeping decision-making power wielded by trustees of the family fortune. One family member described the offer as a "huge eye opener" that has "forced people to look at reality."

The Bancrofts, who now number about three dozen adults, have controlled Dow Jones for generations. In addition to The Wall Street Journal, the nation's No. 2 newspaper by circulation after USA Today, Dow Jones publishes Barron's and operates Dow Jones Newswires. Like some other newspaper companies, including New York Times Co., Dow Jones has a two-tier share class structure that gives the family control.

Several members have complained that the family's initial rejection of Mr. Murdoch's offer was made over their heads. The family as a whole wasn't canvassed for that vote, and some weren't notified at all of the offer.

Under the terms of the trusts that govern the family's holdings, the Bancrofts' voting power in Dow Jones is concentrated in the hands of outside trustees. Each of the main trusts has three trustees, two outside trustees and a third from within the family.

To determine the family's position on Mr. Murdoch's offer, lawyers from the Boston firm Hemenway & Barnes, which oversees the trusts, polled only the trustees and individual family members who have direct ownership of Dow Jones class B shares. It didn't consult with all of the trusts' beneficiaries -- and wasn't obligated to.

Some family members feel Hemenway & Barnes is conflicted because of its various roles in managing the family's holdings, say people close to the matter. Besides managing the family's trusts and acting as trustees, a representative of the firm, Michael Elefante, sits on Dow Jones's board.

There, he is compelled to represent the interests of all Dow Jones shareholders and not only the interests of the family. Mr. Elefante couldn't be reached to comment.

Critics within the family also complain that the trustees have refused to consider pushing for a reduced dividend to allow management to invest more in the company's operations. In recent years, Dow Jones has used nearly all its net income to fund its annual dividend, which last year totaled about \$80 million. The family's share goes primarily to the older generation of Bancrofts. Their children, who one day will inherit the principal in the trusts, aren't entitled to the annual income, a fact that has been a sore point for some in the family.

In the view of some of the younger Bancrofts, the trusts have intentionally stifled debate and tried to keep them from engaging Dow Jones directors. Independent directors signaled at a recent board meeting that they would be willing to meet with the family to discuss the News Corp. bid and other issues, according to people familiar with the matter. But that message was never relayed, some family members say.

--Susan Pulliam and Sarah Ellison contributed to this article.

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