

## BUSINESS AFFAIRS

Business Affairs, as constituted at Capitol Records, has two distinctly different missions:

1. To support the Company's efforts (lead by A&R) to attract and acquire recording talent: Artists, producers and projects--these being the Company's principal assets.
2. To administer and preserve those assets as well as the soundrecordings, rights, trademarks, etc. previously acquired.

As to the first, we aim:

- A. To achieve constant and effective communication with A&R--intune with its direction and decisions concerning talent acquisition and performance.
- B. To maintain resources; i.e. staffing and equipment required to act on such decisions.
- C. To furnish the expertise and intelligence required to formulate the terms of each deal upon which talent is to be acquired.
- D. To sharpen our skills in negotiating the terms upon which talent is to be acquired.
- E. To cultivate and maintain relationships within the legal, management and artist communities in order to attain our other objectives.
- F. To design and maintain appropriate forms--documentation.

The second requires us:

- A. To be equipped, when necessary to enforce the Company's rights and protect assets through legal process.
- B. To design and maintain effective systems.
  - (i) for documentation
  - (ii) for advice and dissemination of critical information to management
  - (iii) to timely exercise options, process payments, etc.

It is in this latter respect, particularly, that we see and intend to pursue opportunities to improve the services we provide. We are currently dependent on others to perform research manually upon which management depends for a variety of decision making: some examples follow:

**Interim debit balances** - needed for option decisions; and decisions regarding tour support and other possible recoupable advances.

**Contract information** - whether current or catalogue artists, bearing on questions of

- free and discounted records
- coupling and pricing restrictions
- rates as they apply to specific configurations or price categories

Management information systems, to the limited extent they exist, do not satisfy management's needs. We need, among other things, to have a computerized source of contract information, integrated at all stages with catalogue information. We are prepared to advance at least one concrete proposal, which would serve our needs as well as those of other departments and is capable of integration with the existing royalty system.

**EMI MUSIC WORLDWIDE**

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FROM JENNIFER VICKERS, LEGAL SERVICES DIRECTOR, EUROPE & INTERNATIONAL

TO : CIRCULATION

DATE: 1ST MAY 1990

FROM: JENNIFER VICKERS

**BUSINESS AFFAIRS - WORLDWIDE REVIEW**

THERE FOLLOWS A QUESTIONNAIRE WHICH NEEDS TO BE ANSWERED BY ALL MANAGING DIRECTORS AND OTHER RECIPIENTS TO ASSIST IN THE WORLDWIDE BUSINESS AFFAIRS REVIEW.

ALL QUESTIONS SHOULD BE ANSWERED AS THOROUGHLY AS POSSIBLE TO ENABLE THIS REVIEW TO BE AS EFFECTIVE AS POSSIBLE.

THE QUESTIONNAIRE IS BEING SENT TO BUSINESS AFFAIRS PEOPLE FOR THEIR INFORMATION.

I ALSO ATTACH A SUGGESTED NOTE TO GO TO OTHERS IN YOUR COMPANY FOR THEIR SUGGESTIONS.

PLEASE LET ME HAVE YOUR REPLIES BY 8TH MAY 1990 TO ENABLE US TO CONSIDER THE ANSWERS AT A MEETING ON 10TH MAY 1990.

THANK YOU FOR YOUR ASSISTANCE.

KIND REGARDS

  
**JENNIFER VICKERS**

ENC.



THE GREATEST MUSIC COMPANY IN THE WORLD

EMI RECORDS LIMITED REGISTERED OFFICE: 17 UXBIDGE ROAD, HAYES, MIDDLESEX UB4 0SY. REGISTERED IN ENGLAND, No. 68172

A THORN EMI COMPANY

CIRCULATION LIST:

RICHARD BURKETT  
IAIN ROBINSON  
PETER KNEE  
ALEXIS ROTELLI  
DAVID STOCKLEY  
RON HARRIS  
NEIL SARSFIELD  
GUY MARRIOTT

COUNTRY

MANAGING DIRECTOR

BUSINESS AFFAIRS

**EMI RECORDS**

**FOR INFO ONLY**

ARGENTINA	(E)	R. PIAY ✓	L. CALLEJA
AUSTRALIA	(E)	D. SNELL ✓	
AUSTRIA	(E)	H. MULLER ✓	
BELGIUM	(E)	G. BRULEZ ✓	
BRAZIL	(E)	L. BOAVENTURA ✓	
CANADA	(E)	D. CAMERON ✓	
CHILE	(E)	J. GOVAERTS ✓	
DENMARK	(E)	H. HANSEN ✓	
EGYPT		N. NORELDIN ✓	
FINLAND	(E)	H. PUHAKKA ✓	
FRANCE	(E)	N. CASTAING ✓	J. APPERCE
GERMANY	(E)	H. FEST ✓	D. VALBERT
GREECE		A. SALTER ✓	
HOLLAND	(E)	K. KLIMBIE ✓	D. VAN VLIET
HONG KONG	(E)	L. RUTHERFORD ✓	
IRELAND	(E)	W. KAVANAGH ✓	
ITALY	(E)	R. CITTERIO ✓	P. R-COMINESI
IVORY COAST		F. GIACCARDO	
JAPAN	(E)	P. BUCKLEIGH	
KOREA	(E)	K.C. LEE ✓	
MALAYSIA	(E)	P. BEH ✓	
MEXICO	(E)	J. SAENZ ✓	
NEW ZEALAND	(E)	P. MARTINOVITCH ✓	
NORWAY	(E)	F. MULLER ✓	
PORTUGAL	(E)	D. FERREIRA ✓	
SINGAPORE	(E)	D. WEE ✓	
SOUTH AFRICA	(E)	M. EDWARDS ✓	MICHELLE BURGER
SPAIN	(E)	R. GIL ✓	
SWEDEN	(E)	R. NYGREN ✓	
SWITZERLAND	(E)	P. MAMPELL ✓	
THAILAND		V. JIRATHIYUT ✓	
VENEZUELA		R. GAVIDIA	

cc: FOR INFO ONLY

GARETH HOPKINS  
DAVID KRONEMYER ✓  
TIM MANDELBAUM  
DEBORAH HARRIS  
CHARLES RODIER  
WILL ASHURST

**EMI MUSIC PUBLISHING**

ARGENTINA  
AUSTRALIA  
BRAZIL  
FRANCE  
GERMANY  
GREECE  
HOLLAND  
ITALY  
JAPAN  
MEXICO  
PORTUGAL  
SOUTH AFRICA  
SPAIN  
SWEDEN  
U.K.

J. PORTUNATO  
J. ANDERSON  
J.A. PERDOMO  
O. HURET  
P. ENDE  
P. VARSOS  
A. WITTE  
A. MARRAPODI  
M. HIRAI  
A. FRITZ  
J. VAN DIJCK  
R. KALLENBACH  
L. CALVO  
S. EGMAR  
P. REICHARDT

TO: CIRCULATION  
(LIST TO BE PREPARED IN EACH COMPANY)

**BUSINESS AFFAIRS WORLDWIDE REVIEW**

ONE KEY ELEMENT OF THE BUSINESS AFFAIRS PLAN IS TO CARRY OUT A WORLDWIDE REVIEW OF BUSINESS AFFAIRS TO SEE WHO IS INVOLVED, WHAT THEY ARE DOING, WHETHER THERE ARE SUFFICIENT BUSINESS AFFAIRS PEOPLE WORLDWIDE, AND WHICH AREAS ARE INSUFFICIENTLY COVERED.

A QUESTIONNAIRE HAS BEEN SENT TO YOUR MANAGING DIRECTOR ASKING FOR DETAILS OF BUSINESS AFFAIRS IN YOUR COMPANY. IT WILL ASSIST THIS REVIEW IF YOU WILL LET ME HAVE ANY COMMENTS OR SUGGESTIONS YOU HAVE ON BUSINESS AFFAIRS IN YOUR COMPANY.

REPLIES SHOULD BE SENT BY E-MAIL TO VICKERS-UK OR BY FAX IF E-MAIL IS NOT AVAILABLE TO FAX NO. 935 5473 (GLOUCESTER PLACE). REPLIES WOULD BE APPRECIATED BY 8TH MAY 1990 TO PERMIT THE REPLIES TO BE CONSIDERED AT A BUSINESS AFFAIRS MEETING ON 10TH MAY 1990.

THANK YOU FOR YOUR ASSISTANCE.

**JENNIFER VICKERS**

**BUSINESS AFFAIRS**

**QUESTIONNAIRE**

**1. Do you have an internal business affairs department ?**

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**a. If yes, (A) how many people are in the department ?**

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**(B) who are they ?**

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**(C) how long have they been with EMI ?**

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**(D) are they legally qualified ?**

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(E) if not, what are their qualifications ?

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(F) what other responsibilities do they have in the company ?

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b. If no, (A) who does the business affairs work in your territory ?

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(B) what are their qualifications ?

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(C) what is their specialisation ?

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(D) how many years have you been using them ?

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(E) are you satisfied with their performance ?

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(F) are alternatives available ?

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2. Give details of the last 5 transactions done by business affairs internal or external.

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(A) were you satisfied with the legal/business affairs aspects ?

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(B) were there any particular problems ?

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(C) would they have been prevented by an internal business affairs person ?

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3. To whom are contract summaries distributed ?

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(A) what is the content of these summaries ?

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(B) are they sufficient for internal purposes ?

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(C) who prepares these contract summaries ?

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(D) are they on a WP system ?

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(E) if not, are there any plans to put all contract summaries onto a pc based system ?

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(F) would you be interested to receive details of available pc based systems ?

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4. Do all members of your staff use business affairs efficiently ?

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**(A) do they know what business affairs resources are available ?**

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**(B) do they ever/regularly enter into/agree contracts without business affairs assistance ?**

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**(C) if you have no internal business affairs person, are there any relevant people in your company who would benefit from training/guidance or business affairs back-up ?**

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5. Which external lawyers do the major music companies use in your territory ?

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6. Does EMI use the same lawyers ?

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7. Do you use different lawyers for different areas of law, e.g. property ,litigation, artist contracts, commercial contracts ?

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8. If you have no business affairs person, have you considered appointing one in the near future ?

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9. Do you require any specific assistance on business affairs matters from Gloucester Place ?

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10. Do you have standard artist, producer and commercial contracts ?

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If so, when were they last revised and considered by external expert lawyers ?  
(Please send in copies of these contracts to business affairs, Gloucester Place)

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11. Do you have an internal system for the distribution of summaries of artists contracts after their completion, and to whom are they distributed ?

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12. Are your business affairs people on E-mail yet ?

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If not, why not ?

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When will they go onto E-mail ?

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EMI MUSIC WORLDWIDE

BUSINESS AFFAIRS

BUSINESS PLAN

APRIL 1990 - MARCH 1994

THE MISSION

1. To support the acquisition of repertoire (whether this is artist, writer, producer, production deal, catalogue or business acquisition) by taking a leading role in the negotiation process (in conjunction with line management), seeking the best deal available consistent with EMI Music standards and ensuring the satisfactory completion of each deal.
2. To maintain and enhance the value of all owned, controlled and acquired assets by being proactive.
3. To keep management informed on all legal and contractual matters concerning EMI Music's business.
4. To help in securing compliance with EMI Music's Standards of Business Conduct.

**GARETH HOPKINS SUGGESTION THAT BUSINESS AFFAIRS SHOULD BE THE LEAD ROLE. DIFFERENT IN EACH SECTOR. IS BUSINESS AFFAIRS LINE MANAGEMENT? MUSIC PUBLISHING UK FAIRLY EARLY. ALSO SUGGESTION DELETE REFERENCE TO LINE MANAGEMENT.**

## OBJECTIVES

1. To ensure that Business Affairs is involved at the beginning of every transaction as part of the core team.
2. To develop and implement worldwide standards in artist, writer and other third party contracts to ensure a consistent EMI Music approach to deal-making.
3. To have the correct personnel resources to achieve the Mission.
4. To have the correct information systems to achieve the Mission.
5. To ensure that sector heads and line management understand the agreed Business Affairs plan (and the worldwide Business Affairs Standards to be developed) and the role that Business Affairs plays in helping them manage their businesses.
6. To maintain and enhance EMI Music's relationships with third parties to ensure that all repertoire acquisition opportunities are offered to EMI Music.
7. To participate in industry activities to promote and enhance intellectual property assets such as those owned and controlled by EMI Music.

US MUSIC PUBLISHING US NOW CHANGES TO SYSTEM  
PREVIOUSLY PEOPLE INEXPERIENCE. SEE IF THEY DO  
FOLLOW WISH TO INVOLVE BUSINESS AFFAIRS EARLY?  
QUESTION OF WHETHER APPRAISALS ARE DONE ON DEALS AT  
CAPITOL.

2.QUESTION OF MASTER STANDARD AGREEMENT. GEFFEN  
DOING DUE DILIGENCE ON US. EXERCISE INVOLVED GIVING  
ARTIST AGREEMENTS TO HIM. THEIR COMMENT WHY SO  
DIFFERENT NO CONSISTENCY IN EVEN FORMAT. DIFFERENCE  
BETWEEN US/UK CONTRACTS. ARTIST COMMUNITY IN UK  
DON'T UNDERSTAND US BUSINESS PRACTICES EG. ON FREE  
GOODS ETC. OFTEN PERSONS DECIDING TO TAKE UK ACT IN  
US IGNORE ROYALTIES ISSUE UNTIL IT IS TOO LATE.  
NEED EDUCATION OF UK LAWYERS TO UNDERSTAND WAY IT IS  
DONE IN US. ISSUE OF MECHANICALS CLAUSE IN  
CONTRACTS. DIFFERENT ON PUBLISHING SIDE US AND UK.  
UK MORE CONCERN OVER MORAL RIGHTS. GARETH HOPKINS  
SAYS IT IS A QUESTION OF WHAT OUR COMPETITION ARE  
SAYING IN UK. WORKING PARTY OF JENNIFER VICKERS,  
IAN HANSON AND JOHN RAY. POSSIBLE US/UK SIMILAR  
EXERCISE. NB: CHRYSALIS ENIGMA CONTRACTS.

4.ROYALTIES SYSTEM NOT IN SIGHT. NOW FRAN ROGERS  
DEALING WITH RIFS AND RASRS. HAD DISCUS WITH IT  
PEOPLE.

6&7.BOB AND TIM TO BE INVITED TO RIAA MEETINGS IN  
FUTURE.

## ISSUES AND STRATEGIES

1. What worldwide standards should be set for the deal-making process ?
  - seek input from Business Affairs staffs in our record companies in US, UK, Canada, France, Holland, Germany, Italy and South Africa and our publishing companies in US and UK regarding appropriate global standards, and any necessary local variations;
  - agree with sector heads as appropriate; and
  - issue agreed standards worldwide by September 1990.

### **WORKING PARTY TO MEET TO PUT SOMETHING TOGETHER.**

2. In-house Business Affairs support is not provided in some key areas of our business, eg Spain, Latin America, Australia, South East Asia; how can such support be achieved ?
  - appoint existing Business Affairs staffs to cover adjoining territories where appropriate and achievable to a minimum level of cover; and
  - agree with sector heads to recruit where existing staffs cannot provide appropriate cover.

**PUBLISHING HAVE US, UK, CANADA BUT NOT REALLY ELSEWHERE, POSSIBLY HAVE A SHARED BUSINESS AFFAIRS PERSON WITH RECORDS. ARGUMENT FOR CONSIDERING WHETHER NEED MORE COVER IN SMALLER AREAS. QUESTION OF ASSIGNING ONE PERSON TO EACH OF EUROPE AND INTERNATIONAL.**

3. How can Business Affairs support the protection of EMI Music's margins and the improvement of productivity ?

- by negotiating the best possible financial terms in all acquisitions;
- by ensuring that EMI Music's internal systems are able to deal effectively and efficiently with every element of the terms of each acquisition;
- by presenting to management appropriate deal structures; and
- by reviewing the impact of changes in the rates and collection of mechanical copyrights in each country to seek the optimum balance between recording and publishing and to encourage the payment of mechanical copyrights in countries where they are not now paid.

**GUY MARRIOTT TO CONSIDER SENDING PEOPLE ON NEGOTIATING COURSES.  
ROYALTIES SYSTEM FROM CBS IS BEING PUT IN TO PLACE BY CAPITOL. CEMA REACHING A CRITICAL STAGE WITH IT.**

4. How can Business Affairs support artist and roster enhancement ?

- by participating in all roster reviews; and
- by ensuring that low-cost opportunities to drop acts are included in deals.

5. How can Business Affairs support the accelerated acquisition process in EMI Music's aim of becoming one of the top 3 music companies in the world ?

- initiate routine discussions with management to review acquisition opportunities; and
- by spending more time and energy building up relationships with third parties to

ensure all opportunities are offered to us.

6. How can Business Affairs support both the enhancement of the international product flow process and the better exploitation of our catalogues ?

- by taking an active role in the various information technology projects to streamline the process (eg. SPIN and the new royalties system);
- by involvement in the scheduling, release, marketing and promotion process;
- by ensuring that the planned Business Affairs EMAIL link up takes effect expeditiously; and
- by helping to determine the appropriate IT systems to deal with the existing label copy, RIF and RASR shortcomings.

**GM TO DISCUSS WITH IT.  
END JUNE TO ALL HAVE EMAIL.**

7. How can Business Affairs support the closer working relationship between EMI's record and publishing companies ?

- by ensuring that Business Affairs introduces singer/songwriters to the other EMI company in the country concerned at an early stage in negotiations and to secure a deal by making the necessary negotiating trade-offs;
- by working with publishing management to identify and resolve problems;
- by producing legal and contract support where necessary; and
- by introducing regular Business Affairs review meetings.

**US PERSONS WILL NOW TRY TO INCREASE COMMUNICATIONS WITH EACH OTHER EG. NASHVILLE AND EMI AND CAPITOL.**

8. How can Business Affairs in Europe enhance the efficiency of European Operations ?
- by working with Operations management to identify and resolve problems;
  - by providing legal and contract support where necessary; and
  - by introducing regular Business Affairs review meetings.
9. How does Business Affairs support EMI Music's entry into the market place with new technical carriers ?
- by working with line, marketing and operations management to agree upon appropriate negotiating standards for new carriers (eg. as regards royalties and packaging etc); and
  - by ensuring clearances are obtained in a timely manner for artist releases on new carriers (for example DAT and Personics).

**GUY MARRIOTT TO FOLLOW UP ON LIST OF ARTISTS FOR DAT CLEARANCE AND FOLLOW UP ON MANUFACTURING COSTS AND RETAIL PRICING.  
LASER DISCS 10 BEING ISSUED IN SEPTEMBER BY CLASSICS.**

10. What are the measurable standards for Business Affairs performance ?
- whether deals are concluded in a timely manner;
  - whether deals conform to EMI Music's worldwide standards
  - whether deals are efficient by our own, and competitors, standards;
  - whether deals subsequently need revising;
  - the efficiency of data review and maintenance and the communication of such data; and

- the maintenance of relationships with artists, their managers and their lawyers.
11. What can Business Affairs do to assist the fight against piracy which limits EMI Music's opportunities for exploiting its repertoire in many markets ?
- lead and participate in industry efforts to reduce piracy in all markets.
12. How can Business Affairs add value to, and ensure the success of, the acquisition of 50% of Chrysalis, SBK Records and Enigma ?
- by working with sector and function heads to develop procedures facilitating the integration of such ventures; and
  - by communicating essential information to all personnel needing such information.