

# EXHIBIT H

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Auctions for Prince's Music Rights Had Some Bidders Feeling Left Out - WSJ

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MEDIA & MARKETING

## Auctions for Prince's Music Rights Had Some Bidders Feeling Left Out

Universal signed three deals with Prince's estate, including rights to artist's trove of unreleased music; Sony, Warner faced roadblocks



The late artist Prince, seen performing at the Super Bowl XLI halftime show in Miami in 2007, died of an opioid overdose in April. PHOTO: CHRIS O'MEARA/ASSOCIATED PRESS

By **HANNAH KARP**

Updated March 28, 2017 9:54 p.m. ET

Universal Music Group in January won the licensing rights to Prince's "vault," a trove of the late pop star's unreleased music, but there wasn't much of a bidding war.

The auction process is raising questions among people close to Prince's estate about whether the estate could have earned more for the rights than the \$30 million that they said Universal ended up agreeing to pay.

The deal for the rights to Prince's independently recorded music was sealed less than a year after the artist died in April of an opioid overdose without leaving a will. All three major record labels— Vivendi SA's Universal, Sony Corp.'s Sony Music Entertainment and Access Industries' Warner Music Group—had voiced interest in the rights, but his estate's interim administrator submitted only a proposed deal with Universal to the court overseeing the Prince estate, people familiar with the matter said.

Sony Music executives were excluded from bidding despite repeated attempts to engage with the estate, people familiar with the negotiations said. Warner Music, which released Prince's first 18 albums, also voiced interest but received minimal information in response, some of the people said. Estate representatives said Universal didn't get much information about the assets either—because there wasn't much available.

The deal, which concerned the unreleased music in "the vault" as well as the licensing rights to Prince's independent albums, was the last of three signed by Prince's estate with Universal Music in the past six months.

All three deals were guided by the advisers in charge of making deals for the estate: Prince's former lawyer Londell McMillan and entertainment executive Charles Koppelman. With a combined value of about \$60 million, the three deals netted each man about \$3 million, people familiar with the negotiations said.

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Tyka Nelson arriving for a hearing on her brother's estate in Chaska, Minn., in January. PHOTO: DAVID JOLLES/STAR TRIBUNE/ASSOCIATED PRESS

Messrs. Koppelman and McMillan said Sony, Warner and Universal all had ample chance to bid on all licensing deals, and that they made the best possible deals for the estate. Mr. Koppelman called the complaints “sour grapes.”

It was in their own interest to make the most lucrative deals because they were earning a commission, they added—but Mr. McMillan said it was “not all about the money”: He and Mr. Koppelman weighed factors such as each company’s size, scope, expertise, copyright-management ability and executives, he said.

Mr. McMillan said the general lack of transparency was typical for such high-profile dealings and that there was a particular dearth of information on Prince’s musical assets.

The process has deepened the divide between the artist’s six heirs, who splintered into two groups following the artist’s death, butting heads over issues from a tribute concert to the singer’s legacy.

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Mr. McMillan is acting as a business adviser to three of Prince’s six heirs, though he doesn’t have an advisory role with the estate’s new administrator, Comerica Bank & Trust . Prince’s half-brother

Alfred Jackson recently ended his business relationship with Mr. McMillan, according to a representative for Mr. Jackson.

Mr. McMillan had pushed to stay on as an adviser to Comerica, but a judge decided otherwise. Two of the heirs Mr. McMillan doesn’t represent— Tyka Nelson, the late singer’s younger sister, and half-brother Omarr Baker —didn’t want him to stay on.

Ms. Nelson and Mr. Baker, who are represented by a team that includes former Prince adviser and CNN political commentator Van Jones, alleged in a January court filing that Mr. McMillan had been making other deals that prioritized his own interests over maximizing revenue for the estate. Mr. McMillan denied those charges.

The heirs declined to comment through their representatives.

Universal Music Publishing Group administered Prince’s publishing catalog from 2001 until 2012, giving it useful information to make the first offer early last summer for the rights to administer the catalog again.

In keeping with standard auction procedures, Mr. Koppelman offered Universal guidance on other bids, leading the publisher to raise its offer several times, according to people familiar with the negotiations. Mr. Koppelman also suggested to competitors that bidding had reached \$25 million, other people familiar with the matter said; Universal didn’t disclose the terms of its offer.

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Prince's half-brother Omarr Baker, pictured, didn't want Londell McMillan to stay on as an adviser to the permanent administrator. PHOTO: LEILA NAVIDI/ZUMA PRESS

Sony Corp.'s Sony/ATV Music Publishing submitted what it considered a better deal than Universal's, but got no response, people familiar with the negotiations said. Mr. McMillan said that all major offers were responded to.

Several other companies submitted bids to lease the merchandising rights, including at least one that topped Universal's \$5 million winning offer, people familiar with the talks said. Mr. McMillan said the estate received just one other comparable offer, but the bidder was seeking to buy the rights permanently rather than lease them.

Mr. McMillan said he and Mr. Koppelman presented all the offers in all three bidding contests to interim administrator Bremer Trust, a unit of Bremer Financial Corp., which made the final decisions.

Bremer Trust spokeswoman Marcia Jensen said that the company's "fiduciary role as the court-supervised special administrator of the Prince Rogers Nelson estate was to preserve, protect and maximize the value of the assets." She declined to comment further.

Bremer, a Minneapolis-based bank, was named temporary administrator at the request of Ms. Nelson, the artist's sister, shortly after Prince died, since he had done business at the bank for years—but the bank was never intended to stay on permanently. Because Bremer lacked much experience with high-profile entertainment cases, Bremer won a petition to hire Messrs. Koppelman and McMillan to help.

On Jan. 19, a Minnesota judge named Comerica as the estate's permanent administrator, and Messrs. Koppelman and McMillan were told their advisory roles would expire in February. The publishing and merchandise deals were signed, but completing Universal's deal to acquire the recorded-music rights, which had been preapproved in the fall, represented their best shot of reaping a commission on the recorded-music rights, people familiar with the matter said.

Mr. McMillan completed the deal with Universal just before the end-of-January deadline. He said he felt a time crunch because of a tax bill coming due for the estate, but was confident that the judge would have granted him his commission even if the deal had been completed after his contract ended.

The Minnesota judge, Kevin Eide, declined to comment.

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