

EU approves Sony's acquisition of part of EMI

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The European Union's competition regulator approved on Thursday a deal by Sony/ATV and other investors to buy part of the famous British music company EMI Group Ltd.

Sony/ATV, a joint venture between Sony Corp. and the Michael Jackson estate, and several investment funds including United Arab Emirates-based Mubadala Development Co. jointly offered \$2.2 billion in November for EMI Music's publishing businesses.

EMI's publishing arm manages the rights to songs of popular artists such as Amy Winehouse, Regina Spektor and Rihanna.

Universal Music Group has a pending deal to buy the rest of EMI, which became famous for recording The Beatles and is also home to Coldplay and Katy Perry. EMI was put up for sale by Citigroup last summer, after the bank foreclosed on private-equity firm Terra Firma, which bought the music company in 2007.

To get approval for the deal from the European Commission, the Sony-led investor group promised to sell the publishing rights to several music catalogues as well as the works of 12 artists, including Ozzy Osbourne, Robbie Williams, and Ben Harper.

During its review of the deal, the Commission found that without the sale of those rights, Sony/ATV would have been able to control the online licensing of Anglo-American chart hits in Europe.

"Sony and Mubadala have offered to divest valuable and attractive catalogues containing bestselling titles as well as works of successful and promising authors," said Competition Commissioner Joaquin Almunia. He added that the sale of the publishing rights to those works would ensure "consumer choice and cultural diversity."

Sony/ATV chairman and CEO Marty Bandier, who spent 17 years building up EMI's publishing assets earlier in his career, hailed the approval. But he acknowledged that other regions including the U.S. also had to sign off on the purchase.

"Today is not only an important milestone on the path to final approval, but a very special day for me, personally," he said in a statement.

Rivals such Warner Music and smaller independent music labels have warned that the deal would make Sony and Universal Music overly dominant players in the music industry.

The combination of Universal and EMI would create the top recorded music

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company by far with about a 40 percent market share in the U.S.

The combined publishing assets of Sony/ATV and EMI would also be No. 1 in the world with a 31 percent market share, according to The New York Times, which cited a document presented to investors in January.

Helen Smith, executive chairman of Impala, the trade association for independent music labels, criticized the Commission's findings and said the decision was "bad news for Europe's publishers and writers, as well as for collecting societies and any label or online service which needs to be able to rely on fair terms to use music."

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Business Writer Ryan Nakashima in Los Angeles contributed to this report.

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