

## Questions for Daniel Levy – February/March 2003

### Transfers

#### **1. We are concerned that, when the attempt to sign Michael Ricketts failed, we were left without cover for Robbie Keane and Teddy Sheringham, which could materially affect our chances of qualifying for Europe. How did this happen?**

In respect of the last transfer window, we made significant efforts to sign a player, there were actually three on Glenn's list, but one player, Ricketts, ended up going to Middlesbrough. We had agreed terms with the Vice-Chairman of Bolton, only to be told the next morning that they had done a deal with another club. The negotiations for the other two players did not come to fruition due to the personal circumstances of each. At this point in time we did have cover in the form of Iversen and Doherty. Clearly we have had injuries, the extent of which we could not have foreseen and we know our squad does need to be deeper in this respect.

2. Given that it is widely recognised that the team requires strengthening in the forward positions why did we fail to sign a striker in the January transfer window while at the same time selling two?

This is answered above. However it was certainly not for the want of trying. Glenn and I worked hard on this front and will do so again in the summer when availability will have improved. But each individual deal has to be right for us and we will not be pressurised into panic buying.

3. It was stated that Les Ferdinand would not be released until a replacement had been secured; why then was he allowed to leave Tottenham without a replacement and who took that decision?

Les had asked Glenn to be allowed to move on if he wasn't likely to be playing regularly. It would have been unhealthy on both sides to have had an unhappy player in the squad and when West Ham made their approach Glenn did not want to stand in Les' way. At that time other negotiations were in hand and Glenn had every intention of bringing in another striker.

4. Please provide a full and frank account of what efforts were made to acquire new players for Tottenham Hotspur during the last 'transfer window' and state which members of THFC were engaged in such endeavours?

These are private deals often involving commercially sensitive information. But as mentioned above Glenn had three players on his list and we pursued all of them. We worked hard in a number of directions and nobody was more disappointed and frustrated than I was when it did not happen.

5. What exactly happened with Michael Ricketts? There has been an awful lot of press speculation, much of it highly critical of our club, so can you give us the facts. For example, how close was Ricketts to becoming a Spurs player, how many offers did THFC make for the player, what truth is there in the story that THFC attempted to 'restructure' the deal late on and at what stage did you 'concede defeat' in letting Ricketts go to Middlesbrough?

It is certainly not true that we sought to restructure the deal. Our offer was revised many times. Their Vice Chairman said 'yes' – and then the next day Bolton agreed a deal with Middlesbrough. The idea that we lost out on a player because we tried to save a small amount of money or restructure the deal at the last minute is entirely fictional. It should be noted that Bolton had publicly stated that they would not sell the player for less than £6m and would not consider a player swap. Take that into consideration and you will see that the deal changed a lot. The process is not as simple as approaching a player then signing him. We had our preferences and you do your best to chase the player top of the list. Unlike Bolton we did not make use of the media during the period of negotiation. We believe it is unprofessional to do so. Today is an example of us keeping negotiations private and concluding the transfer without an unhelpful media spotlight.

6. Last summer Daniel Levy said "We will continue to seek to bring the best available talent to our playing squad. We will be vigorous and ambitious in our pursuit of new quality but not at any price" [source: Club Handbook for 2002/3]. Glenn Hoddle also said, after the signing of Robbie Keane, "We had hoped to bring in more than one player and Daniel Levy certainly burnt the midnight oil in his efforts to make that happen" [source: Match Programme 15/9/02]. If the club was unable to conclude the deals it wanted to in the last two transfer windows, how can we as supporters have faith that this coming summer - when Sheringham may also need replacing and the need will therefore be for at least two more strikers - that you will be able to bring in the players we want?

The aims you quote have not changed and since then we have brought in Keane and Toda - both internationals. But as I have said the transfer market is a little more complicated than approaching a player and signing a contract. Glenn will come to me with his list and we will do our utmost to strengthen the squad, in the best long-term interests of the Club. We have an obligation to fans and shareholders to ensure that their money is spent wisely.

7. If the two overseas signings are our long-term targets and one of them, Morientes, has now turned us down twice, what makes you think he will come in the summer?

This is a reference to newspaper speculation, which is often more about vested interests than actual news. I have already said that we won't talk about potential transfers in public. We will address the summer transfers in the summer. Things change quickly and we have different options opening and closing all the time. Glenn will inform me of his targets and we will do our best to get the players he wants at the right price.

8. Why was a player not signed on loan until the end of the season at least as a stop gap for injuries? This could have provided cover for the striker role and also not affected any plans for squad strengthening in the summer whilst maintaining a prudent watch on funds.

Glenn was unable to find an appropriate loan player.

9. Djibril Cissé is a brilliant young forward, David Pleat has spoken highly of him but he may cost around £15-20 million. Would THFC be in the market for buying a player like this, even though the next financial year the balance sheet may show a £10 million pound loss?

As I have already said we won't talk about potential transfers. We will pursue players if they are right for the squad long-term and if the values of those players make sense. Again we're back to that word value. By value I mean a talented player from whom we can expect a good percentage of games over his contract period and also, because of his ability and possibly his youth, have a redeemable value in terms of a possible future transfer, should that situation arise.

10. In your statement on the official website you mentioned timescales - what steps does THFC take to line up transfers during the four months leading up to the transfer window?

We monitor player's situations within the guidelines set out by the FA and FIFA. We make the approach when it is legally appropriate to do so. We are already discussing options for the summer.

11. Why does it appear that the club always waits until just before the deadline - the same happened with Keane - to attempt to buy players?

January is a short window, clubs can hold out until the last minute and negotiations sometime mean that transfers are left late. We signed Toda well before the deadline; the reason we didn't sign Ricketts was not due to time. But when you are ambitious about the players you are trying to sign, you have to accept that it might not be easy, and you have to work very hard, be patient and accept that it might go to the wire, or even fail, but you shouldn't lower your sights because of that.

12. In the statement on the official website at the end of the transfer window you referred to the reserves and the strength of the squad. Please then explain why the reserves are losing so often and why there are no strikers in the reserve team ready to step into the first team?

We have almost 50 professional footballers at this Club and that is a strong squad in anyone's language, and yet we are continually trying to improve it. Where the Reserve team is concerned these games are often used for youth players to gain experience and for first team players returning from injury before they have achieved full match fitness. I therefore do not regard the results of the Reserve team as being of paramount importance although obviously I would like us to win the Reserve League. With regard to strikers in the Reserves we have a number of young players with great potential, among them Jamie Slabber, Mark Yeates, Lee Barnard and Michael Malcolm. Glenn has high hopes for these players and will decide the best time to play them in the first team.

13. The PR Spurs are getting in the press for the on-off transfer activity is very poor and damaging the brand. Why does the Chairman think we are portrayed as being so unpopular with the clubs we attempt to do business with? Is he thinking of modifying his tactics in this area?

I think if you look at the papers with an objective view, and not as a Spurs fan, then you will see that we actually don't dominate as much as you think. I am sure that Leeds, West Ham and Liverpool fans have the same perception about their Club's press. We are firm negotiators and I make no apology for that, but when some clubs fail to obtain what they want from us they lash out via the media. We will not behave like that.

I should also like to add that the perception given out by the media is that we are constantly missing out on possible signings. Almost 95% of the players we have been linked to in the press have never been on our list. It simply isn't fair to our supporters to report such speculation – but we all know it will continue, so once again, I would ask our supporters to rely on the official website for the real announcements. Many of you have written to say how much the website has improved as a communication channel with the Club and next season will see further improvements.

#### **Transfers and Money Available**

**14. Why don't we spend a bit now? We are not in debt like some clubs and surely spending say £10m could make a very big difference to our chances of success, without risking the club's existence.**

We have. With a new player signed on average every two months since Glenn joined, this adds up to a total of £25m, including levies, in signings and this is not even taking into account the cash outflow on wages and National Insurance contributions which has been considerable. I would like to point out that on the most recent publicly available figures just 76% of players' wages is covered by all gate receipts (STH and match tickets). We do have debts, in fact £17m at 31 December 2002, and we are constantly trying to reduce these to protect the Club and its assets. The market changes quickly and protecting finances in a volatile market is no easy task.

15. Where has the money gone that we were led to believe was available to sign Morientes in addition to Keane last summer?

I would refer you to the explanation above. Our commitment to investment is still there and we will support Glenn where we think the purchase of a player is advantageous. There is not a particular pot of money available, each target is judged on its merits. I would also add that the disappearing market has meant that players as assets have depreciated, and our plan was to sell players surplus to requirements to increase funds. Income from Cup competitions last year was good but this year we will not have that and so things change quickly, though I am not saying we won't buy, simply trying to remind people of the market we are in, and that we have to be realistic.

We are not sitting on a pot of money that we're reluctant to spend. We have to make sure that the cost of servicing and repaying our debt is manageable. I do not ever want to see us forced to sell players just to balance the books. People keep saying you have to speculate to accumulate, but it doesn't mean anything. You have to spend wisely to accumulate success. Spend unwisely and you will end up in trouble.

16. Where has the money from the sponsorship deals and ticket price increases gone?

In overall terms the new sponsorship deals were more attractive than prior agreements, which we were very pleased to get, particularly in a very difficult commercial market. The new income added to the increase this season to ticket prices still left a funding gap of over £4.5 million regarding the transfer fee of Robbie Keane.

17. Did the club have the money to sign the player(s) the manager wanted during the last transfer window?

Yes. The Club's financial situation is stable but the market is not. However, we will only fund the purchase of a player if we think he is of value to the Club. We have a duty to the fans and shareholders to do this. It is not in anyone's interests to do otherwise.

18. Supporter perception is that there is a lack of major money available to invest in the first team: what can you tell us to dispel our fears?

I can understand the perception, but again this is newspaper talk! Take a close look at the market. How many players were sold in the January window? Even the summer window? It is annoying that everyone seems to forget an investment that only happened a matter of months ago, Robbie Keane. Also the perception of a free transfer is that there is no money involved, signing on fees and wages never seem to factor in the equation, supporters should remember that players' wages are the Clubs biggest outgoing!

### **The Five-Year Plan**

#### **19. How do you judge your success?**

20. How will not qualifying for Europe this season affect the 'five year plan'?

This is a hard business to plan against, so we shouldn't get too caught up in this, however our aims have not changed, and if anything I believe a lot of the ground work has been done. When Glenn joined us it was our joint intention to reach the point where we could consistently qualify for Europe and we still believe that this can be achieved.

21. How do you assess the progress of the five-year plan to date?

I believe that we are on course and are a stronger Club compared to two years ago, but we will have setbacks, the hardest thing for our manager to achieve is consistency. The Club has more international players than ever before, this means more international media coverage in new and emerging markets. The outcome of this is a stronger foundation for the Club.

We have some promising talent coming through the Academy and Reserves and, despite the initial set-back at planning application stage for the New Academy, we shall be investing in new facilities and exploring ways in which we can have an increased stadium capacity.

We are getting stronger and if progress sometimes seems slow, it is because we are determined to do things properly for the long term good of the club, and to avoid ill-advised quick fixes.

22. What are the KPIs of the plan, year by year, how are responsibilities shared for achieving them and how are they judged?

Every department has different indicators, which are budgeted and re-forecast throughout the year. I am not going into detail on this, as it is hard to discuss what in some cases may be commercially sensitive information. We monitor our progress very closely, but it is important to take a long-term view. We would not be happy with short-term temporary success at the cost of long-term stability, which is what has happened at some clubs. We want our success, when it comes, to be lasting.

23. If we do not qualify for Europe will the club consider entering the Intertoto Cup? If not, why not?

Glenn has already stated publicly that he will not enter this competition next season.

24. Alternatively, have the club considered an overseas tour at the end of the season to generate revenue- for example, to the Far East thereby maximising Toda's potential OFF the pitch - rather than meaningless friendlies against Stevenage and Colchester?

We are considering overseas games at present, irrespective of Toda. Long-term it is imperative to build the THFC brand overseas. In the short-term this may mean that we have to make decisions where we don't look to maximise income, rather increase the fan base in that particular area. This week sees us travel to Ireland. But calling the other friendly matches meaningless is a little shortsighted. Glenn needs matches for players to prepare; all pre season matches are valuable to the team.

#### **Ticket Prices**

#### **25. Why do we pay more and get less than at almost any other club?**

I disagree with the statement in the question. In comparison to other Clubs our fans get a fair deal. We work hard in this area and appreciate the objective feedback we receive from our loyal supporters. Yet it seems many fans want lower prices and better players, unfortunately this is likely to be a contradiction.

26. Following a lack of substantial investment in both transfer windows, how do you now justify the rise in ticket prices at the start of this season?

I have already stated that I don't accept that there is a lack of investment. You can't take one transfer window in isolation. Over the last two years wage bills have increased and transfers have occurred, however ticket price rises have only amounted to £1.5m in extra revenue (a different way to look at this figure is that it represents an increase equivalent to £2 per seat per game, or £38 per season). Jamie Redknapp, Robbie Keane, Milenko Acimovic, Jonathan Blondel, Rohan Ricketts, Lars Hirschfeld and Kazu Toda have all been brought in since April last season and we are still working very hard to further improve the squad, as I have explained.

27. Given that we've not made the investment in the squad that the Board indicated it would be making, does the Chairman foresee further rises in ticket prices next season?

I have already stated that I don't accept that there is a lack of investment. No decision has been taken yet but there was a major re-alignment in prices last season.

28. What influence will qualifying or not qualifying for Europe have on ticket pricing?

None

29. What are your thoughts on showing the fans the club's intentions / ambitions transfer-wise BEFORE the renewal date for season tickets?

The transfer market is a fluid environment, I can't tell you what our activity in the market will be, because we don't know who will be available and at what price and what interest there might be in any of our players that Glenn feels may be surplus to requirements. Our intentions are always the highest for the Club. Also because of the limited availability of season tickets they have to go on sale in April in order to be processed, unfortunately the transfer window does not close until 31<sup>st</sup> August. There is little we can do about this time difference.

#### **ENIC**

**30. Is ENIC more concerned with shareholder value than with the interests of supporters, and how will it match supporters' ambitions if it cannot put money into the club?**

No, and I do not accept that there is a conflict. It is in the interest of both parties that the Club does well. A sensible policy that involves a mix of fiscal control plus a balance of youth and experience will hopefully bring success on the pitch and in turn increase revenue, profits and shareholder value. ENIC has a duty to both the supporters and shareholders at Tottenham Hotspur. ENIC acquired its holding in THFC without any current prospect of a return in the short term. Currently, Tottenham Hotspur does not pay a dividend, preferring to re-invest funds back into the development of the business. ENIC is entirely supportive of this policy.

31. Could Mr Levy please explain, as ENIC are an investment company, predominantly investing in football clubs, why have they not invested in Tottenham Hotspur Football Club, apart from purchasing the original shares?

ENIC has invested £24m in the equity of THFC. However this investment is only 30% of the Club. There have been no approaches from the other 70% of the shareholders to inject monies into the Club. In the meantime the squad has increased significantly.

32. Do any of ENIC's other football clubs make you any money and what benefit is there for THFC for the major shareholders of Tottenham to have such interests elsewhere?

ENIC has always taken the stance that to invest properly in this sector you should be prepared to take a long-term view. We believe that there is always potential benefit from our other associations around Europe for THFC, especially regarding intelligence in the transfer windows. For example, Jonathon Blondel was a recommendation from an associated Club.

33. Has the Board of ENIC set a timescale on when it will consider the relative success or failure of ENIC buying Sir Alan Sugar's stake in THFC?

It is long-term. Particularly as the media and transfer market have changed beyond all recognition compared to two years ago.

34. How do you balance the relative importance between achieving shareholder value and the interests of supporters, including the many who are themselves shareholders in Tottenham plc, whose overwhelming priority is for the success of the football team in the major competitions in the short as well as the long term?

Please see the question at the start of this section for the answer to this.

35. Given that the club's revenues are at a record level and that despite wage increases operating profits are roughly 20% greater than those earned prior to ENIC's takeover, plus the fact that we are not carrying the burden of debt of some of our peers, to what extent would you consider that the financial crisis in football is actually to Tottenham's advantage in strengthening our relative position?

We are in a stable position financially, but we are not exempt from a market downturn. We have seen factors recently, specifically the devaluation of Rebrov, where the market can punish us. I can see the logic in the question, however, I do not think it automatically works in our favour - we are still required to spend intelligently to strengthen our position. Player values have fallen, whether you are buying or selling.

36. As such, to what extent do you consider that the commitment of a transfer budget comparable to that seen over the past decade - approximately £8-£10m per annum - would have a far greater impact than at any time over the last 6 or 7 years in terms of securing quality signings and thus strengthen our playing squad relative to our competitors?

If you look at the recent transfer window, it is obvious that the market has slowed and that Clubs are looking more seriously before making additions to the squad. We are in the same position. Whilst the financial position is stable, we are still subject to market forces, that is to say, if we are able to buy players at a lower price than before, by definition we will be receiving a lower price for the players we sell. So relative to our competitors we are in a similar position. The market determines us all.

37. If you feel you have been successful in moving THFC forward since March 2001, how do you compare this to the progress of Newcastle United over the same period?

We are pleased with the progress of the Club although obviously we would prefer to be in a better League position and still in the FA Cup. The individual circumstances of each Club are different. I would certainly say that we are no less ambitious for success and achieving entry to European competition remains a goal. I think major projects like the Academy and Stadium will show the true benefits of our work, but these are long-term projects. Newcastle's success is not just the result of what has happened in the last two years. It goes back much further than that, Newcastle had the foresight to do three things: enlarge their stadium (hence higher revenues); build a state-of-the-art Academy and first team facility (hence easier to attract, train and retain players); and purchase a mixture of quality and youth. We are trying to do the same but at this later date we are finding it more difficult due to market circumstances.

### **Perception of Being Lied To**

38. I constantly feel that the board and management are lying. I am a customer (a member) and also a shareholder. Neither of these should be made to feel that they are being lied to. No matter what the truth is, I feel I am being lied to and am most angry about the whole situation. How do you propose to counter this feeling?

Some information is commercially sensitive and as such we have to operate as a business and a public company, which we take very seriously. Without examples of such incidences this is a very hard question to answer. But I can say that we try to keep all supporters and shareholders as informed as possible and feedback tells us that the majority feel they are. It would never be our intention to mislead you. However the press have its own agenda and groundless speculation will always lead to disappointment.

### **39. Experience vs Youth How confident can we be in bringing new top-quality players into the first team in the immediate future?**

This is exactly the reason why we are looking to invest substantially in the Youth Academy. I am not a football manager, but I do know that reports from the Academy Director and David Pleat are positive and our proposed investment in a new facility will pay off in the long term. A balance of experience and youth is key and we will pursue this. 'Top quality' is subjective but I certainly believe that our last three signings have been quality being all internationals.

40. After Glenn's policy of buying 'last legs' players failed is the club now looking at bringing in younger players that can take the club forward?

That is a slightly inaccurate account of the team's performance. Recent signings have seen a blend of experience and youth. The team currently comprises signed players of international repute, such as Blondel, Keane, Keller, Hirschfeld and Toda; players who have come through the ranks, like Carr and King, aided by the younger players who are making their mark such as Davies, Gardner, Etherington and Doherty. Then there are younger players out on loan this year, Marney, Jackson and Kelly, for whom we have high hopes. We have also been encouraged by the strong performance of our team in the FA Youth Cup this season. Any Club's success will necessarily be a blend and combination of players of varying ages and stages in their careers.

41. Has Mr. Pleat still got his youth player funds? The youth players signed by Pleat during the Sugar years have successfully come through into the first team but we missed out on Matt Taylor and Prutton and still have not signed Zamora or Ashton.

David plays a significant role in this area. It is a competitive marketplace but our scouting information is good and we have a proven track record in buying when and where necessary. Regarding individual players, it would be unfair to comment on the 'why's and wherefores' as to why we did or didn't sign or show an interest in any particular player. If we invest in a young player to supplement our Academy and to assist the senior players bought by the Manager, then we have to believe that they have the potential to challenge for a first team place within a period of 12-18 months. There is not a specific budget for young players. As I