

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 26, 2006

**Warner Music Group Corp.**

(Exact name of Co-Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-32502**  
(Commission File Number)

**13-4271875**  
(IRS Employer  
Identification No.)

**75 Rockefeller Plaza, New York, New York**  
(Address of principal executive offices)

**10019**  
(Zip Code)

Co-Registrant's telephone number, including area code: (212) 275-2000

**WMG Acquisition Corp.**

(Exact name of Co-Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**333-121322**  
(Commission File Number)

**68-0576630**  
(IRS Employer  
Identification No.)

**75 Rockefeller Plaza, New York, New York**  
(Address of principal executive offices)

**10019**  
(Zip Code)

Co-Registrant's telephone number, including area code: (212) 275-2000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Co-Registrants under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

Warner Music Group Corp. (the "Company") and Phyllis E. Grann entered into a Director Restricted Stock Award Agreement on July 26, 2006, under which Ms. Grann will be granted 1,793 shares of the Company's common stock, which as of July 26, 2006, represents less than 1% of the common stock of the Company. The restricted stock agreement provides that the restricted shares vest on the one-year anniversary of the Company's Annual Meeting for the preceding fiscal year, which will be February 23, 2007. Such shares shall be forfeited without consideration by Ms. Grann at any time prior to vesting upon the cessation of her Board membership, with certain exceptions. Ms. Grann's restricted stock agreement is attached to this current report on Form 8-K as Exhibit 10.1.

Common stock granted pursuant to the Director Restricted Stock Award Agreements is in accordance with the Company's currently established compensation policies with respect to independent directors and will be granted under the Company's 2005 Omnibus Award Plan.

ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

Election of Director

As announced in a press release dated July 27, 2006 attached hereto as Exhibit 99.1, the Board of Directors elected Ms. Grann, based upon, among other considerations, the recommendation of the Executive, Governance and Nominating Committee, as the third independent director on the Board in accordance with the Company's by-laws. Ms. Grann was also appointed by the Board to the Audit Committee of the Company. The Board has determined that Ms. Grann is "independent" as defined in NYSE rules and is "financially literate" as such term is defined in SEC and NYSE rules. The Audit Committee of the Company now consists of Michele Hooper, the Chair, Shelby Bonnie and Ms. Grann and now consists of three independent directors as required by NYSE rules. Ms. Grann was also elected to the Board of Directors of each of WMG Holdings Corp., a wholly owned subsidiary of the Company, and WMG Acquisition Corp., a wholly owned subsidiary of WMG Holdings Corp.

From 1996 to 2001, Ms. Grann was the Chief Executive Officer and President of Penguin Putnam, Inc. the U.S. affiliate of The Penguin Group. Before Penguin USA and Putnam Berkley merged in November of 1996, Ms. Grann had been chairman and chief executive officer of The Putnam Berkley Group. She joined Putnam Berkley in 1976 as editor-in-chief of G.P. Putnam's Sons. She was named president and publisher in 1984 of The Putnam Berkley Group. She was named chief executive officer in 1987 and chairman in 1991. Her publishing career began in 1958 at Doubleday & Company, where she was Nelson Doubleday's secretary. She then joined William Morrow & Company, where she was named editor. In 1970, she moved to Simon & Schuster as senior editor and was made editor-in-chief of Pocket Books, their mass-market paperback division, in 1974. Ms. Grann is a graduate of Barnard College. She has been recognized in *Entertainment Weekly's* "101 Most Powerful People in Entertainment." Since 2002, Ms. Grann has been a senior editor at Doubleday, a division of Random House, Inc.

In connection with her election, and in accordance with the Company's currently established compensation policies with respect to independent directors, Ms. Grann will be paid an annual retainer of \$160,000 for her service as a director and a member of the Audit Committee, pro rated for the portion of the current fiscal year she will serve. One-half of this pro rated retainer was paid in the form of an initial grant of 1,793 shares of the Company's common stock. Such shares are subject to the terms of a Director Restricted Stock Award Agreement, which is described in Item 1.01 above. The remainder of the annual retainer will be paid in cash to Ms. Grann in equal installments once a month in arrears as an independent contractor on the Company's payroll system as long as Ms. Grann continues to serve as an independent director.

With the election of Ms. Grann, the Company is in compliance with the NYSE requirements to have three members on its Audit Committee composed entirely of independent directors.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits. The following Exhibits are furnished as part of this Current Report on Form 8-K.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Director Restricted Stock Award Agreement, dated as of July 26, 2006, between Warner Music Group Corp. and Phyllis E. Grann.
99.1	Press Release dated July 27, 2006.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Co-Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Warner Music Group Corp.

Date: July 27, 2006

By: /s/ Michael D. Fleisher  
Michael D. Fleisher  
Chief Financial Officer

WMG Acquisition Corp.

Date: July 27, 2006

By: /s/ Michael D. Fleisher  
Michael D. Fleisher  
Chief Financial Officer

EXHIBIT INDEX

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**WARNER MUSIC GROUP CORP.**  
**DIRECTOR RESTRICTED STOCK AWARD AGREEMENT**

THIS DIRECTOR RESTRICTED STOCK AWARD AGREEMENT (the "Agreement"), is made, effective as of the 26<sup>th</sup> day of July, 2006 (hereinafter the "Date of Grant"), between Warner Music Group Corp., a Delaware corporation, (the "Company"), and Phyllis E. Grann (the "Director").

**RECITALS:**

WHEREAS, the Company has adopted the Warner Music Group Corp. 2005 Omnibus Award Plan (the "Plan"), pursuant to which awards of restricted shares of the Company's Common Stock may be granted to persons including members of the Board of Directors of the Company (the "Board"); and

WHEREAS, the Board has determined that it is in the best interests of the Company and its stockholders to grant the restricted stock award provided for herein (the "Restricted Stock Award") to the Director in connection with the Director's services to the Company, such grant to be subject to the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Director and his legal representative in respect of any questions arising under the Plan or this Agreement.

2. Grant of Restricted Stock Award. The Company hereby grants on the Date of Grant to the Director a Restricted Stock Award consisting of 1,793 shares of Common Stock (hereinafter called the "Restricted Shares"), on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. The Restricted Shares shall vest in accordance with Section 3(a) hereof.

3. Terms and Conditions.

(a) Vesting. Except as otherwise provided in the Plan and this Agreement, and contingent upon the Director's continued membership on the Board, one hundred percent (100%) of the Restricted Shares shall vest and become non-forfeitable on the first anniversary of the Award Date (such anniversary, the "Vesting Date"). The "Award Date" shall be February 23, 2006.

(b) Taxes. The Director shall pay to the Company promptly upon request, and in any event at the time the Director recognizes taxable income in respect of the Restricted Stock Award, an amount equal to the taxes, if any, the Company determines it is required to withhold under applicable tax laws with respect to the Restricted Shares. Such payment shall be made in the form of cash.

(c) Certificates. Certificates evidencing the Restricted Shares shall be issued by the Company and shall be registered in the Director's name on the stock transfer books of the Company promptly after the date hereof, but shall remain in the physical custody of the Company or its designee at all times prior to, in the case of any particular Restricted Shares, the applicable Vesting Date. As a condition to the receipt of this Restricted Stock Award, the Director shall deliver to the Company a stock power, duly endorsed in blank, relating to the Restricted Shares.

(d) Effect of Termination of Services.

(i) Except as provided in subsection (ii) of this Section 3(d), unvested Restricted Shares shall be forfeited without consideration by the Director at any time prior to the Vesting Date upon the Director's cessation of Board membership.

(ii) Upon the Director's cessation of Board membership due to death or Disability, any remaining unvested Restricted Shares shall vest on the date of such termination.

(e) Rights as a Stockholder; Dividends. The Director shall be the record owner of the Restricted Shares unless and until such shares are forfeited pursuant to Section 3(d) hereof or sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights, if any, with respect to the Restricted Shares; provided that any cash or in-kind dividends paid with respect to unvested Restricted Shares shall be withheld by the Company and shall be paid to the Director, without interest, only when, and if, such Restricted Shares shall become vested. As soon as practicable following the vesting of any Restricted Shares, certificates for such vested Restricted Shares and any cash dividends or in-kind dividends credited to the Director's account with respect to such Restricted Shares shall be delivered to the Director or the Director's beneficiary along with the stock power relating thereto.

(f) Restrictive Legend. All certificates representing Restricted Shares shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE WARNER MUSIC GROUP CORP. 2005 OMNIBUS AWARD PLAN AND A RESTRICTED STOCK AWARD AGREEMENT, DATED AS OF JULY 26, 2006, BETWEEN WARNER MUSIC GROUP CORP. AND PHYLLIS E. GRANN. A COPY OF SUCH PLAN AND AGREEMENT IS ON FILE AT THE OFFICES OF WARNER MUSIC GROUP CORP.

(g) Transferability. The Restricted Shares may not at any time prior to the Vesting Date (as to any particular Restricted Share) be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Director and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

4. Miscellaneous.

(a) Notices. Any notice, consent, request or other communication made or given in accordance with this Agreement shall be in writing and shall be deemed to have been duly given when actually received or, if mailed, three days after mailing by registered or certified mail, return receipt requested, or one business day after mailing by a nationally recognized express mail delivery service with instructions for next-day delivery, to those persons listed below at their following respective addresses or at such other address or person's attention as each may specify by notice to the others:

To the Company:

Warner Music Group Corp.  
75 Rockefeller Plaza  
New York, New York 10019  
Attention: General Counsel

To the Director:

The most recent address for the Director in the records of the Company. The Director hereby agrees to promptly provide the Company with written notice of any change in the Director's address for so long as this Agreement remains in effect.



(b) Bound by Plan. By signing this Agreement, the Director acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

(c) Beneficiary. The Director may file with the Board a written designation of a beneficiary on such form as may be prescribed by the Board and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Director, the executor or administrator of the Director's estate shall be deemed to be the Director's beneficiary.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Director and the beneficiaries, executors, administrators, heirs and successors of the Director.

(e) Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersedes all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

(f) GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE WHOLLY PERFORMED WITHIN THAT STATE. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN A COURT SITUATED IN, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF, COURTS SITUATED IN NEW YORK COUNTY, NEW YORK. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

(g) JURY TRIAL WAIVER. THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.

(h) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(i) Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The parties hereto confirm that any facsimile copy of another party's executed counterpart of this Agreement (or its signature page thereof) will be deemed to be an executed original thereof.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement.

Warner Music Group Corp.

/s/ David H. Johnson

By: David H. Johnson

Title: EVP & General Counsel

/s/ Phyllis E. Grann

Phyllis E. Grann



news

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**WARNER MUSIC GROUP CORP. ELECTS PHYLLIS E. GRANN TO  
BOARD OF DIRECTORS**

NEW YORK, July 27, 2006—Warner Music Group Corp. (NYSE: WMG) today announced the election of Phyllis E. Grann to the company's board of directors, effective immediately. Grann, 67, will serve as an independent director on WMG's board and will sit on the audit committee.

Warner Music Group Chairman and CEO, Edgar Bronfman, Jr., said, "Warner Music Group welcomes Phyllis Grann to our board of directors. During her distinguished career in media and entertainment, Phyllis has consistently enhanced companies' business and profitability through strategic partnerships, smart investments and new technology. Her background and experience will be a valuable asset for us."

Grann added, "I am delighted to join Warner Music Group's board of directors as the company continues its impressive evolution and takes full advantage of the opportunities presented by technology during this transformative time for music and music-based content."

Grann is a senior editor at Doubleday, a division of Random House, Inc. Between 1996 and 2001, she was Chief Executive Officer and President of Penguin Putnam, Inc. the U.S. affiliate of The Penguin Group, one of the leading publishers of adult and children's books. Prior to that, Grann served as Chairman and Chief Executive Officer of The Putnam Berkley Group. Under her leadership, The Putnam Berkley Group reported record profits and averaged 40 hardcover and paperback *New York Times* best-sellers annually.

Grann was editor-in-chief of G.P. Putnam's Sons and has held editorial positions at William Morrow & Company and Simon & Schuster. She was the editor-in-chief of Pocket Books and began her publishing career at Doubleday.

A graduate of Barnard College, Grann has been recognized as one of the '101 Most Powerful People in Entertainment' by *Entertainment Weekly* magazine.

With the election of Grann as the third independent director on its three-person audit committee, WMG fulfills the New York Stock Exchange requirement that registered companies' audit committees consist of at least three independent members.

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**About Warner Music Group**

Warner Music Group became the only stand-alone music company to be publicly traded in the United States in May 2005. With its broad roster of new stars and legendary artists, Warner Music Group is home to a collection of the best-known record labels in the music industry including Asylum, Atlantic, Bad Boy, Cordless, East West, Elektra, Lava, Maverick, Nonesuch, Reprise, Rhino, Rykodisc, Sire, Warner Bros. and Word. Warner Music International, a leading company in national and international repertoire, operates through numerous international affiliates and licensees in more than 50 countries. Warner Music Group also includes Warner/Chappell Music, one of the world's leading music publishers.

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