UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-32502

Warner Music Group Corp.

(Exact name of Registrant as specified in its charter)

Delaware	**13-4271875**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1633 Broadway
New York, NY 10019
(Address of principal executive offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	WMG	The Nasdaq Stock Market LLC

As of August 4, 2020, there were 88,550,000 shares of Class A common stock and 421,450,000 shares of Class B common stock of the registrant outstanding. The registrant has filed all Exchange Act reports for the preceding 12 months.

WARNER MUSIC GROUP CORP.

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Warner Music Group Corp.

Consolidated Balance Sheets (Unaudited)

	June 30, 2020	September 30, 2019
	(in millions, except share data)	
Assets		
Current assets:		
Cash and equivalents	$ 532	$ 619
Accounts receivable, net of allowances of $21 million and $17 million	732	775
Inventories	59	74
Royalty advances expected to be recouped within one year	188	170
Prepaid and other current assets	71	53
Total current assets	1,582	1,691
Royalty advances expected to be recouped after one year	230	208
Property, plant and equipment, net	310	300
Operating lease right-of-use assets, net	278	—
Goodwill	1,770	1,761
Intangible assets subject to amortization, net	1,624	1,723
Intangible assets not subject to amortization	152	151
Deferred tax assets, net	57	38
Other assets	145	145
Total assets	$ 6,148	$ 6,017
Liabilities and Deficit		
Current liabilities:		
Accounts payable	$ 205	$ 260
Accrued royalties	1,630	1,567
Accrued liabilities	346	492
Accrued interest	22	34
Operating lease liabilities, current	40	—
Deferred revenue	182	180
Other current liabilities	100	286
Total current liabilities	2,525	2,819
Long-term debt	3,000	2,974
Operating lease liabilities, noncurrent	306	—
Deferred tax liabilities, net	157	172
Other noncurrent liabilities	181	321
Total liabilities	$ 6,169	$ 6,286
Deficit:		
Class A common stock, $0.001 par value; 1,000,000,000 shares authorized, 77,000,000 and 0 shares issued and outstanding as of June 30, 2020 and September 30, 2019, respectively	$ —	$ —
Class B common stock, $0.001 par value; 1,000,000,000 shares authorized, 433,000,000 and 505,830,022 issued and outstanding as of June 30, 2020 and September 30, 2019, respectively	1	1
Additional paid-in capital	1,899	1,127
Accumulated deficit	(1,685)	(1,177)
Accumulated other comprehensive loss, net	(253)	(240)
Total Warner Music Group Corp. deficit	(38)	(289)
Noncontrolling interest	17	20
Total deficit	(21)	(269)
Total liabilities and deficit	$ 6,148	$ 6,017

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
	(in millions, except share and per share data)			
Revenue	$ 1,010	$ 1,058	$ 3,337	$ 3,351
Costs and expenses:				
Cost of revenue	(527)	(577)	(1,727)	(1,762)
Selling, general and administrative expenses (a)	(869)	(372)	(1,786)	(1,102)
Amortization expense	(47)	(51)	(141)	(160)
Total costs and expenses	(1,443)	(1,000)	(3,654)	(3,024)
Operating (loss) income	(433)	58	(317)	327
Loss on extinguishment of debt	—	(4)	—	(7)
Interest expense, net	(32)	(36)	(98)	(108)
Other (expense) income	(3)	(16)	(12)	41
(Loss) income before income taxes	(468)	2	(427)	253
Income tax (expense) benefit	(51)	12	(44)	(86)
Net (loss) income	(519)	14	(471)	167
Less: Income attributable to noncontrolling interest	(1)	(1)	(3)	(1)
Net (loss) income attributable to Warner Music Group Corp.	$ (520)	$ 13	$ (474)	$ 166
(a) Includes depreciation expense:	$ (15)	$ (15)	$ (53)	$ (43)
Net (loss) income per share attributable to Warner Music Group Corp.'s stockholders:				
Class A – Basic and Diluted	$ (1.03)	$ —	$ (1.09)	$ —
Class B – Basic and Diluted	$ (1.03)	$ 0.03	$ (0.94)	$ 0.33
Weighted average common shares:				
Class A – Basic and Diluted	20,307,692	—	6,769,231	—
Class B – Basic and Diluted	483,796,267	501,991,944	495,926,718	501,991,944

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
	(in millions)			
Net (loss) income	$ (519)	$ 14	$ (471)	$ 167
Other comprehensive income (loss), net of tax:				
Foreign currency adjustment	17	9	9	(17)
Deferred loss on derivative financial instruments	(2)	(3)	(22)	(12)
Other comprehensive income (loss), net of tax	15	6	(13)	(29)
Total comprehensive (loss) income	(504)	20	(484)	138
Less: Income attributable to noncontrolling interest	(1)	(1)	(3)	(1)
Comprehensive (loss) income attributable to Warner Music Group Corp.	$ (505)	$ 19	$ (487)	$ 137

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended June 30,	
	2020	2019
	(in millions)	
Cash flows from operating activities		
Net (loss) income	$ (471)	$ 167
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	194	203
Unrealized losses (gains) and remeasurement of foreign-denominated loans and foreign currency forward exchange contracts	14	(6)
Deferred income taxes	(34)	25
Loss on extinguishment of debt	—	7
Net loss (gain) on divestitures and investments	2	(27)
Non-cash interest expense	4	5
Non-cash stock-based compensation expense	600	28
Changes in operating assets and liabilities:		
Accounts receivable, net	45	(50)
Inventories	16	12
Royalty advances	(41)	(107)
Accounts payable and accrued liabilities	(113)	(94)
Royalty payables	60	117
Accrued interest	(12)	(13)
Operating lease liabilities	(2)	—
Deferred revenue	11	(17)
Other balance sheet changes	14	(1)
Net cash provided by operating activities	287	249
Cash flows from investing activities		
Acquisition of music publishing rights and music catalogs, net	(28)	(24)
Capital expenditures	(48)	(82)
Investments and acquisitions of businesses, net of cash received	(11)	(234)
Net cash used in investing activities	(87)	(340)
Cash flows from financing activities		
Proceeds from issuance of Acquisition Corp. 3.625% Senior Secured Notes	—	514
Repayment of Acquisition Corp. 4.125% Senior Secured Notes	—	(40)
Repayment of Acquisition Corp. 4.875% Senior Secured Notes	—	(30)
Repayment of Acquisition Corp. 5.625% Senior Secured Notes	—	(247)
Call premiums paid and deposit on early redemption of debt	—	(5)
Deferred financing costs paid	(1)	(7)
Distribution to noncontrolling interest holder	(6)	(3)
Dividends paid	(281)	(63)
Net cash (used in) provided by financing activities	(288)	119
Effect of exchange rate changes on cash and equivalents	1	(1)
Net (decrease) increase in cash and equivalents	(87)	27
Cash and equivalents at beginning of period	619	514
Cash and equivalents at end of period	$ 532	$ 541

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Deficit (Unaudited)

Nine Months Ended June 30, 2020

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Warner Music Group Corp. Deficit	Non-controlling Interest	Total Deficit
	Shares	Value	Shares	Value						
	(in millions, except share and per share data)									
Balance at September 30, 2019	—	$—	505,830,022	$ 1	$ 1,127	$ (1,177)	$ (240)	$ (289)	$ 20	$ (269)
Cumulative effect of ASC 842 adoption	—	—	—	—	—	7	—	7	—	7
Cumulative effect of ASC 718 accounting policy change	—	—	—	—	—	33	—	33	—	33
Net loss	—	—	—	—	—	(474)	—	(474)	3	(471)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(13)	(13)	—	(13)
Dividends ($0.15 per share)	—	—	—	—	—	(75)	—	(75)	—	(75)
Distribution to noncontrolling interest holders	—	—	—	—	—	—	—	—	(6)	(6)
Modification of stock-based compensation plan	—	—	—	—	769	—	—	769	—	769
Stock-based compensation expense	—	—	—	—	3	—	—	3	—	3
Shares listed through IPO	77,000,000	—	(77,000,000)	—	—	—	—	—	—	—
Other	—	—	4,169,978	—	—	1	—	1	—	1
Balance at June 30, 2020	77,000,000	$—	433,000,000	$ 1	$ 1,899	$ (1,685)	$ (253)	$ (38)	$ 17	$ (21)

Three Months Ended June 30, 2020

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Warner Music Group Corp. Deficit	Non-controlling Interest	Total Deficit
	Shares	Value	Shares	Value						
	(in millions, except share and per share data)									
Balance at March 31, 2020	—	$—	510,000,000	$ 1	$ 1,127	$ (1,166)	$ (268)	$ (306)	$ 21	$ (285)
Cumulative effect of ASC 718 accounting policy change	—	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	(520)	—	(520)	1	(519)
Other comprehensive income, net of tax	—	—	—	—	—	—	15	15	—	15
Distribution to noncontrolling interest holders	—	—	—	—	—	—	—	—	(5)	(5)
Modification of stock-based compensation plan	—	—	—	—	769	—	—	769	—	769
Stock-based compensation expense	—	—	—	—	3	—	—	3	—	3
Shares listed through IPO	77,000,000	—	(77,000,000)	—	—	—	—	—	—	—
Other	—	—	—	—	—	1	—	1	—	1
Balance at June 30, 2020	77,000,000	$—	433,000,000	$ 1	$ 1,899	$ (1,685)	$ (253)	$ (38)	$ 17	$ (21)

Nine Months Ended June 30, 2019

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Warner Music Group Corp. Deficit	Non-controlling Interest	Total Deficit
	Shares	Value	Shares	Value						
	(in millions, except share and per share data)									
Balance at September 30, 2018	—	$—	501,991,944	$ 1	$ 1,127	$ (1,272)	$ (190)	$ (334)	$ 14	$ (320)
Cumulative effect of ASC 606 adoption	—	—	—	—	—	139	—	139	11	150
Net income	—	—	—	—	—	166	—	166	1	167
Other comprehensive loss, net of tax	—	—	—	—	—	—	(29)	(29)	—	(29)
Dividends ($0.19 per share)	—	—	—	—	—	(94)	—	(94)	—	(94)
Distribution to noncontrolling interest holders	—	—	—	—	—	—	—	—	(3)	(3)
Other	—	—	3,838,078	—	—	—	—	—	(4)	(4)
Balance at June 30, 2019	—	$—	505,830,022	$ 1	$ 1,127	$ (1,061)	$ (219)	$ (152)	$ 19	$ (133)

Three Months Ended June 30, 2019

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Warner Music Group Corp. Deficit	Non-controlling Interest	Total Deficit
	Shares	Value	Shares	Value						
	(in millions, except share and per share data)									
Balance at March 31, 2019	—	$—	505,830,022	$ 1	$ 1,127	$ (1,043)	$ (225)	$ (140)	$ 20	$ (120)
Net income	—	—	—	—	—	13	—	13	1	14
Other comprehensive income, net of tax	—	—	—	—	—	—	6	6	—	6
Dividends ($0.06 per share)	—	—	—	—	—	(31)	—	(31)	—	(31)
Distribution to noncontrolling interest holders	—	—	—	—	—	—	—	—	(1)	(1)
Other	—	—	—	—	—	—	—	—	(1)	(1)
Balance at June 30, 2019	—	$—	505,830,022	$ 1	$ 1,127	$ (1,061)	$ (219)	$ (152)	$ 19	$ (133)

See accompanying notes

1. Description of Business

Warner Music Group Corp. (the "Company") was formed on November 21, 2003. The Company is the direct parent of WMG Holdings Corp. ("Holdings"), which is the direct parent of WMG Acquisition Corp. ("Acquisition Corp."). Acquisition Corp. is one of the world's major music entertainment companies.

Acquisition of Warner Music Group by Access Industries

Pursuant to the Agreement and Plan of Merger, dated as of May 6, 2011 (the "Merger Agreement"), by and among the Company, AI Entertainment Holdings LLC (formerly Airplanes Music LLC), a Delaware limited liability company ("Parent") and an affiliate of Access Industries, Inc., and Airplanes Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), on July 20, 2011 (the "Merger Closing Date"), Merger Sub merged with and into the Company with the Company surviving as a wholly owned subsidiary of Parent (the "Merger"). In connection with the Merger, the Company delisted its common stock from the New York Stock Exchange (the "NYSE").

The Company continued to voluntarily file with the U.S. Securities and Exchange Commission (the "SEC") current and periodic reports that would be required to be filed with the SEC pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as provided for in certain covenants contained in the instruments covering its outstanding indebtedness.

Initial Public Offering

On June 5, 2020, the Company completed an initial public offering ("IPO") of 77,000,000 shares of Class A common stock of the Company, par value $0.001 per share ("Class A Common Stock") at a public offering price of $25 per share. The Company listed these shares on the NASDAQ stock market under the ticker symbol "WMG." The offering consisted entirely of secondary shares sold by Access Industries, LLC ("Access") and certain related selling stockholders. On July 7, 2020, the Company completed the sale of an additional 11,550,000 shares of Class A Common Stock from the selling stockholders to the underwriters of the Company's IPO pursuant to the exercise by the underwriters of their option to purchase additional shares of Class A Common Stock. The Company did not receive any of the proceeds of the IPO or exercise of the underwriters' option.

Following the completion of the IPO and the exercise in full of the underwriters' option to purchase additional shares, Access and its affiliates hold an aggregate of 421,450,000 shares of Class B common stock of the Company, par value $0.001 per share ("Class B Common Stock"), representing approximately 99% of the total combined voting power of the Company's outstanding common stock and approximately 83% of the economic interest. As a result, the Company is a "controlled company" within the meaning of the corporate governance standards of NASDAQ. See Item 1A. Risk Factors — Risks Related to Our Controlling Stockholder.

Recorded Music Operations

Our Recorded Music business primarily consists of the discovery and development of recording artists and the related marketing, promotion, distribution, sale and licensing of music created by such recording artists. We play an integral role in virtually all aspects of the recorded music value chain from discovering and developing talent to producing, distributing and selling music to marketing and promoting recording artists and their music.

In the United States, our Recorded Music business is conducted principally through our major record labels—Atlantic Records and Warner Records. In October 2018, we launched Elektra Music Group in the United States as a standalone label group, which comprises the Elektra, Fueled by Ramen and Roadrunner labels. Our Recorded Music business also includes Rhino Entertainment, a division that specializes in marketing our recorded music catalog through compilations, reissuances of previously released music and video titles and releasing previously unreleased material from our vault. We also conduct our Recorded Music business through a collection of additional record labels including Asylum, Big Beat, Canvasback, East West, Erato, FFRR, Nonesuch, Parlophone, Reprise, Sire, Spinnin' Records, Warner Classics and Warner Music Nashville.

Outside the United States, our Recorded Music business is conducted in more than 70 countries through various subsidiaries, affiliates and non-affiliated licensees. Internationally, we engage in the same activities as in the United States: discovering and signing artists and distributing, selling, marketing and promoting their music. In most cases, we also market, promote, distribute and sell the

music of those recording artists for whom our domestic record labels have international rights. In certain smaller markets, we license the right to distribute and sell our music to non-affiliated third-party record labels.

Our Recorded Music business' distribution operations include Warner-Elektra-Atlantic Corporation ("WEA Corp."), which markets, distributes and sells music and video products to retailers and wholesale distributors; Alternative Distribution Alliance ("ADA"), which markets, distributes and sells the products of independent labels to retail and wholesale distributors; and various distribution centers and ventures operated internationally.

In addition to our music being sold in physical retail outlets, our music is also sold in physical form to online physical retailers, such as Amazon.com, barnesandnoble.com and bestbuy.com, and distributed in digital form to an expanded universe of digital partners, including streaming services such as those of Amazon, Apple, Deezer, SoundCloud, Spotify, Tencent Music Entertainment Group and YouTube, radio services such as iHeart Radio and SiriusXM and download services.

We have integrated the marketing of digital content into all aspects of our business, including artist and repertoire ("A&R") and distribution. Our business development executives work closely with A&R departments to ensure that while music is being produced, digital assets are also created with all distribution channels in mind, including streaming services, social networking sites, online portals and music-centered destinations. We also work side-by-side with our online and mobile partners to test new concepts. We believe existing and new digital businesses will be a significant source of growth and will provide new opportunities to successfully monetize our assets and create new revenue streams. The proportion of digital revenues attributable to each distribution channel varies by region and proportions may change as the introduction of new technologies continues. As one of the world's largest music entertainment companies, we believe we are well positioned to take advantage of growth in digital distribution and emerging technologies to maximize the value of our assets.

We have diversified our revenues beyond our traditional businesses by entering into expanded-rights deals with recording artists in order to partner with such artists in other aspects of their careers. Under these agreements, we provide services to and participate in recording artists' activities outside the traditional recorded music business such as touring, merchandising and sponsorships. We have built and acquired artist services capabilities and platforms for marketing and distributing this broader set of music-related rights and participating more widely in the monetization of the artist brands we help create. We believe that entering into expanded-rights deals and enhancing our artist services capabilities in areas such as merchandising, VIP ticketing, fan clubs, concert promotion and management has permitted us to diversify revenue streams and capitalize on other revenue opportunities. This provides for improved long-term relationships with our recording artists and allows us to more effectively connect recording artists and fans.

Music Publishing Operations

While Recorded Music is focused on marketing, promoting, distributing and licensing a particular recording of a musical composition, Music Publishing is an intellectual property business focused on generating revenue from uses of the musical composition itself. In return for promoting, placing, marketing and administering the creative output of a songwriter, or engaging in those activities for other rightsholders, our Music Publishing business garners a share of the revenues generated from use of the musical compositions.

The operations of our Music Publishing business are conducted principally through Warner Chappell Music, our global music publishing company headquartered in Los Angeles, with operations in over 70 countries through various subsidiaries, affiliates and non-affiliated licensees and sub-publishers. We own or control rights to more than 1.4 million musical compositions, including numerous pop hits, American standards, folk songs and motion picture and theatrical compositions. Assembled over decades, our award-winning catalog includes over 80,000 songwriters and composers and a diverse range of genres including pop, rock, jazz, classical, country, R&B, hip-hop, rap, reggae, Latin, folk, blues, symphonic, soul, Broadway, techno, alternative and gospel. Warner Chappell Music also administers the music and soundtracks of several third-party television and film producers and studios. We have an extensive production music catalog collectively branded as Warner Chappell Production Music.

2. Summary of Significant Accounting Policies

Interim Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended June 30, 2020 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2020.

The consolidated balance sheet at September 30, 2019 has been derived from the audited consolidated financial statements at that date but does not include all the information and notes required by U.S. GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019 (File No. 001-32502).

Basis of Consolidation

The accompanying financial statements present the consolidated accounts of all entities in which the Company has a controlling voting interest and/or variable interest required to be consolidated in accordance with U.S. GAAP. All intercompany balances and transactions have been eliminated.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, *Consolidation* ("ASC 810") requires the Company first evaluate its investments to determine if any investments qualify as a variable interest entity ("VIE"). A VIE is consolidated if the Company is deemed to be the primary beneficiary of the VIE, which is the party involved with the VIE that has both (i) the power to control the most significant activities of the VIE and (ii) either the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. If an entity is not deemed to be a VIE, the Company consolidates the entity if the Company has a controlling voting interest.

The Company maintains a 52-53 week fiscal year ending on the last Friday in each reporting period. As such, all references to June 30, 2020 and June 30, 2019 relate to the periods ended June 26, 2020 and June 28, 2019, respectively, except for subsequent event activity referred to in Note 15 and elsewhere. For convenience purposes, the Company continues to date its third-quarter financial statements as of June 30. The fiscal year ended September 30, 2019 ended on September 27, 2019.

The Company has performed a review of all subsequent events through the date the financial statements were issued and has determined that no additional disclosures are necessary.

Common Stock

On February 28, 2020, the Company amended its certificate of incorporation to increase its authorized capital stock to 2,100,000,000 shares, consisting of 1,000,000,000 shares of Class A Common Stock, 1,000,000,000 shares of Class B Common Stock, and 100,000,000 shares of preferred stock, par value $1.00 per share. In addition, the February 28, 2020 amendment to the Company's certificate of incorporation also gave effect to the reclassification and 477,242.614671815-for-1 stock split of the Company's existing common stock outstanding into 510,000,000 shares of Class B Common Stock. This stock split has been retrospectively presented throughout the interim financial statements. Upon completion of the IPO and as of June 30, 2020, 77,000,000 shares of Class A Common Stock were outstanding, 433,000,000 shares of Class B Common Stock were outstanding and no shares of preferred stock were outstanding. In connection with the IPO, the Company's board of directors and stockholders approved the Warner Music Group Corp. 2020 Omnibus Incentive Plan, or the "Omnibus Incentive Plan." The aggregate number of shares of common stock available for issuance under the Omnibus Incentive Plan is 31,169,099 shares of Class A Common Stock over the 10-year period from the date of adoption, including up to 1,000,000 shares of our Class A Common Stock that would be issued upon vesting of equity awards that we expect to grant, subject to certain conditions, in connection with the IPO. No shares under the Omnibus Incentive Plan have been issued as of June 30, 2020.

Earnings per Share

The consolidated statements of operations present basic and diluted earnings per share ("EPS"). Prior to the completion of the IPO, basic and diluted earnings (loss) per share were computed by dividing net income (loss) available to common stockholders by the weighted average number of outstanding common shares less shares issued for the exercise of the deferred equity units since these units were mandatorily redeemable in cash. As such, the deferred equity units were excluded from the denominator of the basic and diluted EPS calculation prior to the IPO completion.

Subsequent to the completion of the IPO, the Company utilizes the two-class method to report earnings (loss) per share. The two-class method is an earnings (loss) allocation formula that determines earnings (loss) per share for each class of common stock according to dividends declared and participation rights in undistributed earnings (losses). Undistributed earnings allocated to participating securities are subtracted from net income in determining net income attributable to common stockholders. Since there was a loss for the three and nine months ended June 30, 2020, no earnings were allocated to our participating securities or our post-modification deferred equity units that are no longer mandatorily redeemable.

Stock-Based Compensation

The Company accounts for stock-based payments as required by ASC 718, *Compensation—Stock Compensation* ("ASC 718"). Under the recognition provision of ASC 718, the Company's liability classified stock-based compensation costs are measured each reporting date until settlement. In February 2020, the Company filed a Form S-1 registration statement with the SEC in connection with the IPO, which required a change in accounting policy during the three months ended March 31, 2020 from the intrinsic value method to fair value method in determining the basis of measurement of its stock-based compensation liability.

In determining fair value, the Company utilized an option pricing model for those awards with an option-like pay-off, which includes various inputs for volatility, term to exit, discount for lack of marketability, expected dividend yield and risk-free rates. For awards with an equity-like pay-off, inputs for discount of lack of marketability and non-performance risk were considered. The Company continued to use an income approach using a discounted cash flow model to determine its per-share value input within the model. As a result of this change in accounting policy, the Company recorded a decrease to its stock-based compensation liability of $38 million as of March 31, 2020, which resulted in a decrease of $33 million, net of tax, to accumulated deficit for the nine months ended June 30, 2020.

Upon completion of the IPO in June 2020, the Senior Management Free Cash Flow Plan (the "Plan") was amended to remove the cash-settlement feature on all future redemptions. As a result, all awards previously issued under the Plan will require settlement in Class A Common Stock. The participants in such plan were also allowed to sell a pro rata portion, consistent with Access's percentage reduction in shares of Class B Common Stock as a result of the IPO, of their vested profits interests and acquired units of the LLC holding company, WMG Management Holdings, LLC ("Management LLC"), in the IPO through a "tag-along right."

Under the provision of ASC 718, the Company determined the Plan was modified as of June 3, 2020, and as such, converted the awards from liability-classified to equity-classified. Prior to conversion, the Company performed a final measurement of its stock-based compensation liability under the fair value method, which resulted in non-cash stock-based compensation expense of $437 million recognized in selling, general and administrative expense within our statements of operations for the three and nine months ended June 30, 2020. The final measurement utilized the IPO listing price of $25 per share as the per-share value input within its fair value model. Upon modification of the Plan, the Company reclassified a $769 million stock-based compensation liability to additional-paid in capital, which included $57 million associated with the awards settled through the IPO tag-along right on June 5, 2020. In addition, the Company recognized approximately $3 million of stock-based compensation expense for the period of June 3, 2020 through June 30, 2020 for its unvested share awards that were granted prior to the IPO, which will be recognized over the remaining vesting period based on the fair value under the post-modification terms of the Plan.

Income Taxes

The Company uses the estimated annual effective tax rate method in computing its interim tax provision. Certain items, including those deemed to be unusual and infrequent are excluded from the estimated annual effective tax rate. In such cases, the actual tax expense or benefit is reported in the same period as the related item. Certain tax effects are also not reflected in the estimated annual effective tax rate, primarily certain changes in the realizability of deferred tax assets and uncertain tax positions.

New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"), which established a new ASC Topic 842 ("ASC 842") that introduces a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. In July 2018, the FASB issued ASU 2018-11, *Leases – Targeted Improvements* ("ASU 2018-11"), which allows for retrospective application with the recognition of a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Under this option, entities do not need to apply ASC 842 (along with its disclosure requirements) to the comparative prior periods presented. The Company adopted ASU 2016-02 on October 1, 2019, using the modified retrospective transition method provided by ASU 2018-11. The adoption of ASU 2016-02 resulted in the recognition of operating lease liabilities of $366 million and ROU assets of $297 million, which is net of the historical deferred rent liability balance of $69 million, primarily related to real estate leases. The Company also recorded a decrease to opening accumulated deficit of $7 million, net of taxes, related to previously deferred gains related to sale-leaseback transactions.

Upon transition, the Company adopted the "package of three" practical expedient provided by ASC 842 and therefore has not (1) reassessed whether any expired or existing contracts are or contain a lease, (2) reassessed the lease classification for expired or existing leases and (3) reassessed initial direct costs for any existing leases. Rather, the Company will retain the conclusions reached for these items under ASC 840.

In August 2017, the FASB issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12"). This ASU improves certain aspects of the hedge accounting model including making more risk management strategies eligible for hedge accounting and simplifying the assessment of hedge effectiveness. ASU 2017-12 is effective for all annual periods beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted and requires a prospective adoption with a cumulative-effect adjustment to accumulated deficit as of the beginning of the fiscal year of adoption for existing hedging relationships. The Company adopted ASU 2017-12 in the first quarter of fiscal 2020 and this adoption did not have a significant impact on the Company's financial statements.

Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 requires that expected credit losses relating to financial assets measured on an amortized cost basis and available-for-sale debt securities be recorded through an allowance for credit losses. ASU 2016-13 limits the amount of credit losses to be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value and also requires the reversal of previously recognized credit losses if fair value increases. ASU 2016-13 will be effective for annual periods beginning after December 15, 2019, and interim periods within those fiscal years. Earlier adoption is permitted. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). This ASU eliminates certain exceptions to the general principles in ASC 740, *Income Taxes*. Specifically, it eliminates the exception to (1) the incremental approach for intraperiod tax allocation when there is a loss from continuing operations, and income or a gain from other items; (2) the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; (3) the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; and (4) the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. ASU 2019-12 also simplifies U.S. GAAP by making other changes. ASU 2019-12 will be effective for the annual periods beginning after December 15, 2021, and for interim periods beginning after December 15, 2022. Earlier adoption is permitted. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

3. Earnings per Share

Basic earnings (loss) per share is computed by dividing net income (loss) available to each class of stock by the weighted average number of outstanding common shares for each class of stock. Diluted earnings (loss) per share is computed by dividing net income (loss) available to each class of stock by the weighted average number of outstanding common shares, plus dilutive potential common shares, which is calculated using the treasury-stock method. Under the treasury-stock method, potential common shares are excluded from the computation of EPS in periods in which they have an anti-dilutive effect. The potential dilutive effects of our deferred equity units and the Class B Common Stock have been excluded from the Class A Common Stock diluted earnings (loss) per share calculation since their effects would be anti-dilutive due to the net loss attributable to Class A Common Stock for the three and nine months ended June 30, 2020. The Company did not have any dilutive securities for the three and nine months ended June 30, 2019.

In computing earnings (loss) per share subsequent to the completion of our IPO, the Company has allocated dividends declared to Class A Common Stock and Class B Common Stock based on timing and amounts actually declared for each class of stock and the undistributed earnings (losses) have been allocated to Class A Common Stock and Class B Common Stock pro rata on a basic weighted average shares outstanding basis since the two classes of stock participate equally on a per share basis upon liquidation. The Company declared two dividends of $37.5 million each, a total amount of $75 million during the nine months ended June 30, 2020, on December 26, 2019 and March 25, 2020, respectively, which were allocated solely to Class B Common Stock as there was no outstanding Class A Common Stock at the time these dividends were declared. While Class A and Class B Common Stock have the same dividend rights, the allocation of all dividends declared prior to the IPO to Class B Common Stock has resulted in a different earnings (loss) per share for the two classes of common stock for the nine months ended June 30, 2020.

Subsequent to the completion of the IPO, and modification of our stock-based compensation awards as described in Note 2, the Class B Common Stock issued to Management LLC for the exercise of the vested deferred equity units is included in the basic weighted average number of outstanding shares of Class B Common Stock. Upon issuance to the participants in the Plan, the Class B Common Stock will be converted into Class A Common Stock and included in the basic weighted average number of outstanding shares of Class A Common Stock. Since the shares expected to satisfy the vested portion of the deferred equity units are already included in the basic weighted average number of outstanding common shares, there is no potential dilutive effect associated with the vested portion of these stock-based compensation awards.

The following table sets forth the calculation of basic and diluted net income (loss) per common share under the two-class method for the three and nine months ended June 30, 2020:

	Three Months Ended June 30, 2020		Nine Months Ended June 30, 2020	
	Class A	Class B	Class A	Class B
	(in millions, except share and per share data)			
Basic and Diluted EPS:				
Numerator				
Net loss attributable to common stockholders	$ (21)	$ (499)	$ (7)	$ (467)
Denominator				
Weighted average shares outstanding	20,307,692	483,796,267	6,769,231	495,926,718
Basic and Diluted EPS	$ (1.03)	$ (1.03)	$ (1.09)	$ (0.94)

The Company's basic and diluted net income per common share for the three and nine months ended June 30, 2019, prior to the use of a two-class method, was $0.03 and $0.33, respectively. The Company did not have any dilutive securities for the three and nine months ended June 30, 2019.

4. Revenue Recognition

For our operating segments, Recorded Music and Music Publishing, the Company accounts for a contract when it has legally enforceable rights and obligations and collectability of consideration is probable. The Company identifies the performance obligations and determines the transaction price associated with the contract, which is then allocated to each performance obligation, using management's best estimate of standalone selling price for arrangements with multiple performance obligations. Revenue is recognized when, or as, control of the promised services or goods is transferred to the Company's customers, and in an amount that reflects the consideration the Company is contractually due in exchange for those services or goods. An estimate of variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Certain of the Company's arrangements include licenses of intellectual property with consideration in the form of sales- and usage-based royalties. Royalty revenue is recognized when the subsequent sale or usage occurs using the best estimates available of the amounts that will be received by the Company.

Disaggregation of Revenue

The Company's revenue consists of the following categories, which aggregate into the segments – Recorded Music and Music Publishing:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
	(in millions)			
Revenue by Type				
Digital	$ 630	$ 584	$ 1,889	$ 1,744
Physical	51	95	329	456
Total Digital and Physical	681	679	2,218	2,200
Artist services and expanded-rights	124	158	427	458
Licensing	56	76	207	229
Total Recorded Music	861	913	2,852	2,887
Performance	27	36	114	135
Digital	90	65	237	195
Mechanical	8	13	38	41
Synchronization	22	29	92	89
Other	2	4	7	10
Total Music Publishing	149	147	488	470
Intersegment eliminations	—	(2)	(3)	(6)
Total Revenues	$ 1,010	$ 1,058	$ 3,337	$ 3,351
Revenue by Geographical Location				
U.S. Recorded Music	$ 358	$ 395	$ 1,191	$ 1,236
U.S. Music Publishing	74	71	242	219
Total U.S.	432	466	1,433	1,455
International Recorded Music	503	518	1,661	1,651
International Music Publishing	75	76	246	251
Total International	578	594	1,907	1,902
Intersegment eliminations	—	(2)	(3)	(6)
Total Revenues	$ 1,010	$ 1,058	$ 3,337	$ 3,351

Recorded Music

Recorded Music mainly involves selling, marketing, distribution and licensing of recorded music produced by the Company's recording artists. Recorded Music revenues are derived from four main sources, which include digital, physical, artist services and expanded-rights and licensing.

Digital revenues are generated from the expanded universe of digital partners, including digital streaming services and download services. These licenses typically contain a single performance obligation, which is ongoing access to all intellectual property in an evolving content library, predicated on: (1) the business practice and contractual ability to remove specific content without a requirement to replace the content and without impact to minimum royalty guarantees and (2) the contracts not containing a specific listing of content subject to the license. Digital licensing contracts are generally long-term with consideration in the form of sales- and usage-based royalties that are typically received monthly. Certain contracts contain non-recoupable fixed fees or minimum guarantees, which are recoupable against royalties. Upon contract inception, the Company will assess whether a shortfall or breakage is expected (i.e., where the minimum guarantee will not be recouped through royalties) in order to determine timing of revenue recognition for the fixed fee or minimum guarantee.

For fixed fee and minimum guarantee contracts where breakage is expected, the total transaction price (fixed fee or minimum guarantee) is recognized proportionately over the contract term using an appropriate measure of progress which is typically based on the Company's digital partner's subscribers or streaming activity as these are measures of access to an evolving catalog, or on a straight-line basis. The Company updates its assessment of the transaction price each reporting period to see if anticipated royalty earnings exceed the minimum guarantee. For contracts where breakage is not expected, royalties are recognized as revenue as sales or usage occurs based upon the licensee's usage reports and, when these reports are not available, revenue is based on historical data, industry information and other relevant trends.

Additionally, for certain licenses where the consideration is fixed and the intellectual property being licensed is static, revenue is recognized at the point in time when control of the licensed content is transferred to the customer.

Physical revenues are generated from the sale of physical products such as vinyl, CDs and DVDs. Revenues from the sale of physical Recorded Music products are recognized upon transfer of control to the customer, which typically occurs once the product has been shipped and the ability to direct use and obtain substantially all of the benefit from the asset have been transferred. In accordance with industry practice and as is customary in many territories, certain products, such as CDs and DVDs, are sold to customers with the right to return unsold items. Revenues from such sales are generally recognized upon shipment based on gross sales less a provision for future estimated returns.

Artist services and expanded-rights revenues are generated from artist services businesses and participations in expanded-rights associated with artists, including sponsorship, fan clubs, artist websites, merchandising, touring, concert promotion, ticketing and artist and brand management. Artist services and expanded-rights contracts are generally short term. Revenue is recognized as or when services are provided (e.g., at time of an artist's event) assuming collectability is probable. In some cases, the Company is reliant on the artist to report revenue generating activities. For certain artist services and expanded-rights contracts, collectability is not considered probable until notification is received from the artist's management.

Licensing revenues represent royalties or fees for the right to use sound recordings in combination with visual images such as in films or television programs, television commercials and video games. In certain territories, the Company may also receive royalties when sound recordings are performed publicly through broadcast of music on television, radio and cable and in public spaces such as shops, workplaces, restaurants, bars and clubs. Licensing contracts are generally short term. For fixed-fee contracts, revenue is recognized at the point in time when control of the licensed content is transferred to the customer. Royalty based contracts are recognized as the underlying sales or usage occurs.

Music Publishing

Music Publishing acts as a copyright owner and/or administrator of the musical compositions and generates revenues related to the exploitation of musical compositions (as opposed to recorded music). Music publishers generally receive royalties from the use of the musical compositions in public performances, digital and physical recordings and in combination with visual images. Music publishing revenues are derived from five main sources: mechanical, performance, synchronization, digital and other.

Performance revenues are received when the musical composition is performed publicly through broadcast of music on television, radio and cable, live performance at a concert or other venue (e.g., arena concerts and nightclubs) and performance of musical compositions in staged theatrical productions. Digital revenues are generated with respect to the musical compositions being embodied in recordings licensed to digital streaming services and digital download services and for digital performance. Mechanical revenues are generated with respect to the musical compositions embodied in recordings sold in any physical format or configuration such as vinyl, CDs and DVDs. Synchronization revenues represent the right to use the composition in combination with visual images such as in films or television programs, television commercials and video games as well as from other uses such as in toys or novelty items and merchandise. Other revenues represent earnings for use in printed sheet music and other uses. Digital and synchronization revenue recognition is similar for both Recorded Music and Music Publishing, therefore refer to the discussion within Recorded Music.

Included in these revenue streams, excluding synchronization and other, are licenses with performing rights organizations or collecting societies (e.g., ASCAP, BMI, SESAC and GEMA), which are long-term contracts containing a single performance obligation, which is ongoing access to all intellectual property in an evolving content library. The most common form of consideration for these contracts is sales- and usage-based royalties. The collecting societies submit usage reports, typically with payment for royalties due, often on a quarterly or biannual reporting period, in arrears. Royalties are recognized as the sale or usage occurs based upon usage reports and, when these reports are not available, royalties are estimated based on historical data, such as recent royalties reported, company-specific information with respect to changes in repertoire, industry information and other relevant trends. Also included in these revenue streams are smaller, short-term contracts for specified content, which generally involve a fixed fee. For fixed-fee contracts, revenue is recognized at the point in time when control of the license is transferred to the customer.

The Company excludes from the measurement of transaction price all taxes assessed by governmental authorities that are both (i) imposed on and concurrent with a specific revenue-producing transaction and (ii) collected from customers.

Sales Returns and Uncollectible Accounts

In accordance with practice in the recorded music industry and as customary in many territories, certain physical revenue products (such as CDs and DVDs) are sold to customers with the right to return unsold items. Revenues from such sales are recognized when the products are shipped based on gross sales less a provision for future estimated returns.

In determining the estimate of physical product sales that will be returned, management analyzes vendor sales of product, historical return trends, current economic conditions, changes in customer demand and commercial acceptance of the Company's products. Based on this information, management reserves a percentage of each dollar of physical product sales that provide the customer with the right of return and records an asset for the value of the returned goods and liability for the amounts expected to be refunded.

Similarly, management evaluates accounts receivables to determine if they will ultimately be collected. In performing this evaluation, significant judgments and estimates are involved, including an analysis of specific risks on a customer-by-customer basis for larger accounts and customers and a receivables aging analysis that determines the percent that has historically been uncollected by aged category. The time between the Company's issuance of an invoice and payment due date is not significant; customer payments that are not collected in advance of the transfer of promised services or goods are generally due no later than 30 days from invoice date. Based on this information, management provides a reserve for the estimated amounts believed to be uncollectible.

Based on management's analysis of sales returns, refund liabilities of $22 million and $23 million were established at June 30, 2020 and September 30, 2019, respectively.

Based on management's analysis of uncollectible accounts, reserves of $21 million and $17 million were established at June 30, 2020 and September 30, 2019, respectively.

Principal versus Agent Revenue Recognition

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company controls the good or service before transfer to the customer. When the Company concludes that it controls the good or service before transfer to the customer, the Company is considered a principal in the transaction and records revenue on a gross basis. When the Company concludes that it does not control the good or service before transfer to the customer but arranges for another entity to provide the good or service, the Company acts as an agent and records revenue on a net basis in the amount it earns for its agency service.

In the normal course of business, the Company acts as an intermediary with respect to certain payments received from third parties. For example, the Company distributes music content on behalf of third-party record labels. Based on the above guidance, the Company records the distribution of content on behalf of third-party record labels on a gross basis, subject to the terms of the contract, as the Company controls the content before transfer to the customer. Conversely, recorded music compilations distributed by other record companies where the Company has a right to participate in the profits are recorded on a net basis.

Deferred Revenue

Deferred revenue principally relates to fixed fees and minimum guarantees received in advance of the Company's performance or usage by the licensee. Reductions in deferred revenue are a result of the Company's performance under the contract or usage by the licensee.

Deferred revenue increased by $309 million during the nine months ended June 30, 2020 related to cash received from customers for fixed fees and minimum guarantees in advance of performance, including amounts recognized in the period. Revenues of $138 million were recognized during the nine months ended June 30, 2020 related to the balance of deferred revenue at September 30, 2019. There were no other significant changes to deferred revenue during the reporting period.

Performance Obligations

The Company recognized revenue of $35 million and $45 million from performance obligations satisfied in previous periods for the nine months ended June 30, 2020 and June 30, 2019, respectively.

Wholly and partially unsatisfied performance obligations represent future revenues not yet recorded under long-term intellectual property licensing contracts containing fixed fees, advances and minimum guarantees. Revenues expected to be recognized in the future related to performance obligations that are unsatisfied at June 30, 2020 are as follows:

	Rest of FY20	FY21	FY22	Thereafter	Total
			(in millions)		
Remaining performance obligations	$ 206	$ 838	$ 65	$ —	$ 1,109
Total	$ 206	$ 838	$ 65	$ —	$ 1,109

5. Comprehensive Income (Loss)

Comprehensive income (loss), which is reported in the accompanying consolidated statements of deficit, consists of net income and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net income. For the Company, the components of other comprehensive income (loss) primarily consist of foreign currency translation gains and losses, minimum pension liabilities, and deferred gains and losses on financial instruments designated as hedges under ASC 815, *Derivatives and Hedging*, which include foreign exchange contracts. The following summary sets forth the changes in the components of accumulated other comprehensive loss, net of related tax benefit of approximately $7 million:

	Foreign Currency Translation Loss (a)	Minimum Pension Liability Adjustment	Deferred Gains (Losses) On Derivative Financial Instruments	Accumulated Other Comprehensive Loss, net
		(in millions)		
Balance at September 30, 2019	$ (218)	$ (14)	$ (8)	$ (240)
Other comprehensive income (loss)	9	—	(22)	(13)
Balance at June 30, 2020	$ (209)	$ (14)	$ (30)	$ (253)

(a) Includes historical foreign currency translation related to certain intra-entity transactions.

6. Leases

The Company's lease portfolio consists operating real estate leases for its corporate offices and, to a lesser extent, storage and other equipment. Under ASC 842, a contract is or contains a lease when (1) an explicitly or implicitly identified asset has been deployed in the contract and (2) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company determines if an arrangement is or contains a lease at inception of the contract. For all leases (finance and operating), other than those that qualify for the short-term recognition exemption, the Company will recognize on the balance sheet a lease liability for its obligation to make lease payments arising from the lease and a corresponding ROU asset representing its right to use the underlying asset over the period of use based on the present value of lease payments over the lease term as of the lease commencement date. ROU assets are adjusted for initial direct costs, lease payments made and incentives. As the rates implicit in our leases are not readily determinable, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. This rate is based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments. The lease term used to calculate the lease liability will include options to extend or terminate the lease when the option to extend or terminate is at the Company's discretion and it is reasonably certain that the Company will exercise the option. Fixed payments are recognized as lease expense on a straight-line basis over the lease term. For leases with a term of one year or less ("short-term leases"), the lease payments are recognized in the consolidated statements of operations on a straight-line basis over the lease term.

ASC 842 requires that only limited types of variable payments be included in the determination of lease payments, which affects lease classification and measurement. Variable lease costs, if any, are recognized as incurred and such costs are excluded from lease balances recorded on the consolidated balance sheet. The initial measurement of the lease liability and ROU asset are determined based on both the fixed lease payments and any variable lease payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate). The Company initially measures these variable lease payments using the index or rate at lease commencement (i.e., the spot or gross index or rate applied to the base rental amount). All other variable lease payments are recognized in the period in which the payments are incurred.

The Company's operating ROU assets are included in operating lease right-of-use assets and the Company's current and non-current operating lease liabilities are included in operating lease liabilities, current and operating lease liabilities, noncurrent, respectively, in the Company's balance sheet.

Operating lease liabilities are amortized using the effective interest method. That is, in each period, the liability will be increased to reflect the interest that is accrued on the related liability by using the appropriate discount rate and decreased by the lease payments made during the period. The subsequent measurement of the ROU asset is linked to the amount recognized as the lease liability. Accordingly, the ROU asset is measured as the lease liability adjusted by (1) accrued or prepaid rents (i.e., the aggregate difference between the cash payment and straight-line lease cost), (2) remaining unamortized initial direct costs and lease incentives, and (3) impairments of the ROU asset. Operating lease costs are included in Selling, general and administrative expenses.

For lease agreements that contain both lease and non-lease components, the Company has elected the practical expedient provided by ASC 842 that permits the accounting for these components as a single lease component (rather than separating the lease from the non-lease components and accounting for the components individually).

The Company enters into operating leases for buildings, office equipment, production equipment, warehouses, and other types of equipment. Our leases have remaining lease terms of 1 year to 11 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within 1 year.

Among the Company's operating leases are its leases for the Ford Factory Building, located at 777 S. Santa Fe Avenue in Los Angeles, California, and for 27 Wrights Lane, Kensington, London. The landlord for both leases is an affiliate of Access. As of June 30, 2020, the aggregate lease liability related to these leases was $137 million.

There are no restrictions or covenants, such as those relating to dividends or incurring additional financial obligations, relating to our lease portfolio, and residual value guarantees are not significant.

The components of lease expense were as follows:

	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2020
	(in millions)	
Lease Cost		
Operating lease cost	$ 14	$ 40
Short-term lease cost	—	—
Variable lease cost	2	7
Sublease income	—	—
Total lease cost	$ 16	$ 47

Supplemental cash flow information related to leases was as follows:

	Nine Months Ended June 30, 2020
	(in millions)
Cash paid for amounts included in the measurement of operating lease liabilities	$ 41
Right-of-use assets obtained in exchange for operating lease obligations	12

Supplemental balance sheet information related to leases was as follows:

	June 30, 2020
	(in millions)
Operating Leases	
Operating lease right-of-use assets	$ 278
Operating lease liabilities, current	$ 40
Operating lease liabilities, noncurrent	306
Total operating lease liabilities	$ 346
Weighted Average Remaining Lease Term	
Operating leases	8 years
Weighted Average Discount Rate	
Operating leases	4.57 %

Maturities of lease liabilities were as follows:

Years	Operating Leases
	(in millions)
2020	$ 27
2021	54
2022	51
2023	48
2024	47
Thereafter	192
Total lease payments	419
Less imputed interest	(73)
Total	$ 346

As of June 30, 2020, there have been no leases entered into that have not yet commenced.

7. Goodwill and Intangible Assets

Goodwill

The following analysis details the changes in goodwill for each reportable segment:

	Recorded Music	Music Publishing	Total
		(in millions)	
Balance at September 30, 2019	$ 1,297	$ 464	$ 1,761
Acquisitions	—	—	—
Other adjustments	9	—	9
Balance at June 30, 2020	$ 1,306	$ 464	$ 1,770

(a) Other adjustments during the nine months ended June 30, 2020 represent foreign currency movements

The Company performs its annual goodwill impairment test in accordance with ASC 350, *Intangibles—Goodwill and Other* (“ASC 350”) during the fourth quarter of each fiscal year as of July 1. The Company may conduct an earlier review if events or circumstances occur that would suggest the carrying value of the Company’s goodwill may not be recoverable. No indicators of impairment were identified during the current period that required the Company to perform an interim assessment or recoverability test.

Intangible Assets

Intangible assets consist of the following:

	Weighted-Average Useful Life	June 30, 2020	September 30, 2019
		(in millions)	
Intangible assets subject to amortization:			
Recorded music catalog	10 years	$ 863	$ 855
Music publishing copyrights	26 years	1,567	1,539
Artist and songwriter contracts	13 years	850	841
Trademarks	18 years	54	53
Other intangible assets	7 years	64	59
Total gross intangible asset subject to amortization		3,398	3,347
Accumulated amortization		(1,774)	(1,624)
Total net intangible assets subject to amortization		1,624	1,723
Intangible assets not subject to amortization:			
Trademarks and tradenames	Indefinite	152	151
Total net intangible assets		$ 1,776	$ 1,874

8. Debt

Debt Capitalization

Long-term debt, all of which was issued by Acquisition Corp., consists of the following:

	June 30, 2020	September 30, 2019
	(in millions)	
Revolving Credit Facility (a)	$ —	$ —
Senior Term Loan Facility due 2023 (b)	1,315	1,313
5.000% Senior Secured Notes due 2023 (c)	298	298
4.125% Senior Secured Notes due 2024 (d)	346	336
4.875% Senior Secured Notes due 2024 (e)	218	218
3.625% Senior Secured Notes due 2026 (f)	501	488
5.500% Senior Notes due 2026 (g)	322	321
Total long-term debt, including the current portion (h)	$ 3,000	$ 2,974

(a) Reflects $300 million of commitments under the Revolving Credit Facility, less letters of credit outstanding of approximately $13 million at both June 30, 2020 and September 30, 2019. There were no loans outstanding under the Revolving Credit Facility at June 30, 2020 or September 30, 2019. On April 3, 2020, Acquisition Corp. entered into an amendment to the Revolving Credit Facility which, among other things, increased the commitments under the Revolving Credit Facility from an aggregate principal amount of $180 million to an aggregate principal amount of $300 million.

(b) Principal amount of $1.326 billion at both June 30, 2020 and September 30, 2019 less unamortized discount of $3 million and $3 million and unamortized deferred financing costs of $8 million and $10 million at June 30, 2020 and September 30, 2019, respectively.

(c) Principal amount of $300 million less unamortized deferred financing costs of $2 million at both June 30, 2020 and September 30, 2019, respectively. On June 16, 2020, Acquisition Corp. announced a cash tender offer to purchase any and all of the 5.000% Senior Secured Notes due 2023 (the "5.000% Senior Secured Notes"). On June 30, 2020, Acquisition Corp. announced that $244 million of the aggregate principal amount outstanding had tendered and been accepted in the tender offer. Also on June 30, 2020, Acquisition Corp. issued a notice of redemption calling the remaining outstanding 5.000% Senior Secured Notes not tendered in the tender offer. An additional $295,000 was accepted in the tender offer on July 14, 2020 and the remainder of the 5.000% Senior Secured Notes were redeemed on August 1, 2020. See Note 15.

(d) Face amount of €311 million at both June 30, 2020 and September 30, 2019. Above amounts represent the dollar equivalent of such note at June 30, 2020 and September 30, 2019. Principal amount of $349 million and $340 million less unamortized deferred financing costs of $3 million and $4 million at June 30, 2020 and September 30, 2019, respectively. On June 30,

2020, Acquisition Corp. redeemed all of the outstanding aggregate principal amount, or €311 million, of its 4.125% Senior Secured Notes due 2024 (the "4.125% Senior Secured Notes"). See Note 15.

(e) Principal amount of $220 million less unamortized deferred financing costs of $2 million at both June 30, 2020 and September 30, 2019, respectively. On June 30, 2020, Acquisition Corp. redeemed all of the outstanding aggregate principal amount, or $220 million, of its 4.875% Senior Secured Notes due 2024 (the "4.875% Senior Secured Notes"). See Note 15.

(f) Face amount of €445 million at both June 30, 2020 and September 30, 2019. Above amounts represent the dollar equivalent of such note at June 30, 2020 and September 30, 2019. Principal amount of $499 million and $487 million at June 30, 2020 and September 30, 2019, respectively, an additional issuance premium of $7 million, less unamortized deferred financing costs of $5 million at both June 30, 2020 and September 30, 2019.

(g) Principal amount of $325 million less unamortized deferred financing costs of $3 million at both June 30, 2020 and September 30, 2019.

(h) Principal amount of debt of $3.019 billion and $2.998 billion, an additional issuance premium of $7 million and $8 million, less unamortized discount of $3 million and $3 million and unamortized deferred financing costs of $23 million and $29 million at June 30, 2020 and September 30, 2019, respectively.

The Company is the direct parent of Holdings, which is the direct parent of Acquisition Corp. As of June 30, 2020 Acquisition Corp. had issued and outstanding the 3.625% Senior Secured Notes due 2026 and the 5.500% Senior Notes due 2026 (together, the "Acquisition Corp. Notes"). On June 29, 2020, Acquisition Corp. issued the 2.750% Senior Secured Notes due 2028 and the 3.875% Senior Secured Notes due 2030 (the "Secured Notes"). See Note 15 for further information.

The Acquisition Corp. Notes are guaranteed by the Company and, in addition, are guaranteed by all of Acquisition Corp.'s domestic wholly-owned subsidiaries. The secured notes are guaranteed on a senior secured basis and the unsecured notes are guaranteed on an unsecured senior basis. The Company's guarantee of the Acquisition Corp. Notes is full and unconditional. The guarantee of the Acquisition Corp. Notes by Acquisition Corp.'s domestic wholly-owned subsidiaries is full, unconditional and joint and several.

The Company and Holdings are holding companies that conduct substantially all of their business operations through Acquisition Corp. Accordingly, the ability of the Company and Holdings to obtain funds from their subsidiaries is restricted by the indentures for the Acquisition Corp. Notes and the Secured Notes, as well as the credit agreements for the Acquisition Corp. Senior Credit Facilities, including the Revolving Credit Facility and the Senior Term Loan Facility.

Recent Transactions

Revolving Credit Agreement Amendment

On April 3, 2020, Acquisition Corp. entered into an amendment (the "Second Amendment") to the Revolving Credit Agreement, dated January 31, 2018 (as amended by the amendment dated October 9, 2019), among Acquisition Corp., the several banks and other financial institutions party thereto and Credit Suisse AG, as administrative agent, governing Acquisition Corp.'s senior secured revolving credit facility (the "Revolving Credit Facility") with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto. The Second Amendment (among other changes) (i) increases the commitments under the Revolving Credit Facility from an aggregate principal amount of $180 million to an aggregate principal amount of $300 million, (ii) extends the final maturity date of the Revolving Credit Facility from January 31, 2023 to April 3, 2025, (iii) reduces the interest margin applicable to the loans upon achievement of certain leverage ratios based on a leverage-based pricing grid, (iv) reduces the commitment fee based on a leverage-based pricing grid and limits commitment fees to be paid only on unused amounts of commitments, (v) increases the maximum letter of credit exposure permitted under the Revolving Credit Facility from $50 million to $90 million, (vi) increases the springing financial maintenance covenant from a Senior Secured Indebtedness to EBITDA Ratio of 4.75:1.00 to a Senior Secured Indebtedness to EBITDA Ratio of 5.00:1.00 and provides that the covenant shall not be tested unless at the end of a fiscal quarter the outstanding amount of loans and drawings under letters of credit which have not been reimbursed exceeds $105 million, (vii) adds covenant suspension upon achievement of an investment grade rating or a Total Indebtedness to EBITDA Ratio of 3.25:1.00, and (viii) adds certain exceptions and increases certain baskets in connection with Acquisition Corp.'s negative covenants, including those related to the incurrence of indebtedness, liens and restricted payments. The Company incurred approximately $1 million in financing fees associated with the Second Amendment which were capitalized and will be amortized over the amended term of the Revolving Credit Facility.

Redemption of 4.125% Senior Secured Notes

On June 30, 2020, Acquisition Corp. redeemed all of the outstanding aggregate principal amount, or €311 million, of the 4.125% Senior Secured Notes. See Note 15.

Redemption of 4.875% Senior Secured Notes

On June 30, 2020, Acquisition Corp. redeemed all of the outstanding aggregate principal amount, or $220 million, of the 4.875% Senior Secured Notes. See Note 15.

Tender Offer for 5.000% Senior Secured Notes

On June 16, 2020, Acquisition Corp. announced a cash tender offer to purchase any and all of the 5.000% Senior Secured Notes. On June 30, 2020, Acquisition Corp. announced that $244 million of the aggregate principal amount outstanding had tendered and been accepted in the tender offer. On June 30, 2020, Acquisition Corp. issued a notice of redemption calling the remaining outstanding 5.000% Senior Secured Notes not tendered in the tender offer for redemption on August 1, 2020. An additional $295,000 tendered and was accepted in the tender offer on July 14, 2020, and the remainder was redeemed on August 1, 2020. See Note 15.

Historical Transactions

3.625% Senior Secured Notes Offerings

On October 9, 2018, Acquisition Corp. issued and sold €250 million in aggregate principal amount of 3.625% Senior Secured Notes due 2026 (the "3.625% Secured Notes"). Net proceeds of the offering were used to pay the purchase price of the acquisition of EMP, to redeem €34.5 million of the 4.125% Secured Notes (as described below), purchase $30 million of Acquisition Corp.'s 4.875% Senior Secured Notes (as described above) on the open market and to redeem $26.55 million of the 5.625% Senior Secured Notes (as described below).

On April 30, 2019, Acquisition Corp. issued and sold €195 million in aggregate principal amount of additional 3.625% Senior Secured Notes due 2026 (the "Additional Notes"). The Additional Notes and the 3.625% Secured Notes were treated as the same series for all purposes under the indenture that governs the 3.625% Secured Notes and the Additional Notes. Net proceeds of the offering were used to redeem all of the 5.625% Secured Notes due 2022.

Partial Redemption of 4.125% Senior Secured Notes

On October 12, 2018, Acquisition Corp. redeemed €34.5 million aggregate principal amount of its 4.125% Senior Secured Notes due 2024 (the "4.125% Secured Notes") using a portion of the proceeds from the offering of the 3.625% Secured Notes described above. The redemption price for the 4.125% Secured Notes was approximately €36.17 million, equivalent to 103% of the principal amount of the 4.125% Secured Notes, plus accrued but unpaid interest thereon to, but excluding, the redemption date, which was October 12, 2018. Following the partial redemption of the 4.125% Secured Notes, €311 million of the 4.125% Secured Notes remain outstanding. The Company recorded a loss on extinguishment of debt of approximately $2 million for the nine months ended June 30, 2019, which represents the premium paid on early redemption and unamortized deferred financing costs related to the partial redemption of this note.

Open Market Purchase

On October 9, 2018, Acquisition Corp. purchased, in the open market, $30 million aggregate principal amount of its outstanding 4.875% Senior Secured Notes due 2024 (the "4.875% Secured Notes"). The acquired notes were subsequently retired. Following retirement of the acquired notes, $220 million of the 4.875% Secured Notes remain outstanding. The Company recorded a loss on extinguishment of debt of less than $1 million for the nine months ended June 30, 2019, which represents the unamortized deferred financing costs related to the open market purchase.

Redemption of 5.625% Senior Secured Notes

On November 5, 2018, Acquisition Corp. redeemed $26.55 million aggregate principal amount of its 5.625% Senior Secured Notes due 2022 (the "5.625% Secured Notes"). The redemption price for the 5.625% Secured Notes was approximately $27.38 million, equivalent to 102.813% of the principal amount of the 5.625% Secured Notes, plus accrued but unpaid interest thereon to, but excluding, the redemption date, which was November 5, 2018. Following the partial redemption of the 5.625% Secured Notes, $220.95 million of the 5.625% Secured Notes remain outstanding. The Company recorded a loss on extinguishment of debt of approximately $1 million, which represents the premium paid on early redemption and unamortized deferred financing costs related to the partial redemption of this note.

On April 16, 2019, Acquisition Corp. issued a conditional notice of redemption for all of its 5.625% Secured Notes due 2022 currently outstanding. Settlement of the called 5.625% Secured Notes occurred on May 16, 2019. The Company recorded a loss on extinguishment of debt of approximately $4 million for the three and nine months ended June 30, 2019, which represents the premium paid on early redemption and unamortized deferred financing costs.

Interest Rates

The loans under the Revolving Credit Facility bear interest at Acquisition Corp.'s election at a rate equal to (i) the rate for deposits in the borrowing currency in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Revolving LIBOR") subject to a zero floor, plus 1.75% per annum in the case of Initial Revolving Loans (as defined in the Revolving Credit Agreement), or 1.875% per annum in the case of 2020 Revolving Loans (as defined in the Revolving Credit Agreement), or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent from time to time, (y) 0.50% in excess of the overnight federal funds rate and (z) the one-month Revolving LIBOR plus 1.0% per annum, plus, in each case, 0.75% per annum in the case of Initial Revolving Loans, or 0.875% per annum in the case of 2020 Revolving Loans; *provided* that, in respect of 2020 Revolving Loans, the applicable margin with respect to such loans is subject to adjustment as set forth in the pricing grid in the Revolving Credit Agreement. Based on the Senior Secured Indebtedness to EBITDA Ratio of 3.11x at June 30, 2020, the applicable margin for Eurodollar loans would be 1.625% instead of 1.875% and the applicable margin for ABR loans would be 0.625% instead of 0.875% in the case of 2020 Revolving Loans. If there is a payment default at any time, then the interest rate applicable to overdue principal will be the rate otherwise applicable to such loan plus 2.0% per annum. Default interest will also be payable on other overdue amounts at a rate of 2.0% per annum above the amount that would apply to an alternative base rate loan.

The loans under the Senior Term Loan Facility bear interest at Acquisition Corp.'s election at a rate equal to (i) the rate for deposits in U.S. dollars in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Term Loan LIBOR") subject to a zero floor, plus 2.125% per annum or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent as its prime rate in effect at its principal office in New York City from time to time, (y) 0.50% in excess of the overnight federal funds rate and (z) one-month Term Loan LIBOR, plus 1.00% per annum, plus, in each case, 1.125% per annum. If there is a payment default at any time, then the interest rate applicable to overdue principal and interest will be the rate otherwise applicable to such loan plus 2.0% per annum. Default interest will also be payable on other overdue amounts at a rate of 2.0% per annum above the amount that would apply to an alternative base rate loan.

The Company has entered into, and in the future may enter into, interest rate swaps to manage interest rate risk. Please refer to Note 11 of our consolidated financial statements for further discussion.

Maturity of Senior Term Loan Facility

The loans outstanding under the Senior Term Loan Facility mature on November 1, 2023.

Maturity of Revolving Credit Facility

The maturity date of the Revolving Credit Facility is April 3, 2025.

Maturities of Senior Notes and Senior Secured Notes

As of June 30, 2020, there are no scheduled maturities of notes until 2023, when $300 million is scheduled to mature, all of which was tendered or redeemed as discussed above. Thereafter, $1.394 billion is scheduled to mature of which $569 million was redeemed and refinanced with new senior secured notes. Refer to Note 15 for further information.

Interest Expense, net

Total interest expense, net was $32 million and $36 million for the three months ended June 30, 2020 and June 30, 2019, respectively. Total interest expense, net was $98 million and $108 million for the nine months ended June 30, 2020 and June 30, 2019. The weighted-average interest rate of the Company's total debt was 4.0% at June 30, 2020, 4.3% at September 30, 2019 and 4.5% at June 30, 2019.

9. Commitments and Contingencies

From time to time the Company is involved in claims and legal proceedings that arise in the ordinary course of business. The Company is currently subject to several such claims and legal proceedings. Based on currently available information, the Company does not believe that resolution of pending matters will have a material adverse effect on its financial condition, cash flows or results of operations. However, litigation is subject to inherent uncertainties, and there can be no assurances that the Company's defenses will be successful or that any such lawsuit or claim would not have a material adverse impact on the Company's business, financial condition, cash flows and results of operations in a particular period. Any claims or proceedings against the Company, whether meritorious or not, can have an adverse impact because of defense costs, diversion of management and operational resources, negative publicity and other factors.

10. Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Act"). The Tax Act significantly revised the U.S. federal corporate income tax provisions, including, but not limited to, an income inclusion of global intangible low-taxed income ("GILTI"), a deduction against foreign-derived intangible income ("FDII") and a new minimum tax, the base erosion anti-abuse tax ("BEAT"). GILTI, FDII and BEAT were effective for the Company's fiscal year ending September 30, 2019. The Company has elected to recognize the GILTI impact in the specific period in which it occurs.

As a result of final regulations regarding the interest expense allocation rules issued by the Internal Revenue Service in December 2019, the Company concluded that it is more likely than not that the entire amount of the Company's deferred tax assets relating to foreign tax credit carryforwards will be realized. Consequently, the Company released its $33 million valuation allowance at September 30, 2019 relating to such deferred tax assets and recognized a corresponding U.S. tax benefit of $33 million during the three months ended December 31, 2019. The Company will continue to weigh the evidence including the projections of sufficient future taxable income, foreign source income and the reversal of future taxable temporary differences to assess the future realization of our foreign tax credits.

As a result of the IPO in the three months ended June 30, 2020, the Company is subject to limitation on the deductibility of executive compensation under Internal Revenue Code ("IRC") Section 162(m).

For the three and nine months ended June 30, 2020, the Company recorded an income tax expense of $51 million and $44 million, respectively. The income tax expense of $51 million for the three months ended June 30, 2020 is higher than the expected tax benefit at the statutory tax rate of 21% primarily due to non-deductible expenses of the Plan, non-deductible transaction costs and non-deductible executive compensation under IRC Section 162(m). The income tax expense of $44 million for the nine months ended June 30, 2020 is higher than the expected tax benefit at the statutory tax rate of 21% primarily due to non-deductible expenses of the Plan, non-deductible transaction costs and non-deductible executive compensation under IRC Section 162(m), offset by the tax benefit of the valuation allowance release relating to foreign tax credit carryforwards.

For the three and nine months ended June 30, 2019, the Company recorded an income tax benefit of $12 million and expense of $86 million, respectively. The income tax benefit for the three months ended June 30, 2019 is lower than the expected tax at the statutory tax rate of 21% primarily due to a change in components of forecasted income that resulted in a decrease of the GILTI impact and higher foreign tax credit utilization. The income tax expense for the nine months ended June 30, 2019 is higher than the expected tax at the statutory tax rate of 21% primarily due to GILTI, non-deductible expenses of the Plan, U.S. state and local taxes, foreign income taxed at rates higher than the U.S. statutory tax rate, income withholding taxes, foreign losses with no tax benefit offset by the tax benefit of a reduction in foreign income tax rates.

The Company has determined that it is reasonably possible that the gross unrecognized tax benefits as of June 30, 2020 could decrease by up to approximately $2 million related to various ongoing audits and settlement discussions in various foreign jurisdictions during the next twelve months.

11. Derivative Financial Instruments

The Company uses derivative financial instruments, primarily foreign currency forward exchange contracts and interest rate swaps, for the purposes of managing foreign currency exchange rate risk and interest rate risk on expected future cash flows. However, the Company may choose not to hedge certain exposures for a variety of reasons including, but not limited to, accounting considerations and the prohibitive economic cost of hedging particular exposures. There can be no assurance the hedges will offset more than a portion of the financial impact resulting from movements in foreign currency exchange or interest rates.

The Company enters into foreign currency forward exchange contracts primarily to hedge the risk that unremitted or future royalties and license fees owed to its U.S. companies for the sale or licensing of U.S.-based music and merchandise abroad may be adversely affected by changes in foreign currency exchange rates. The Company focuses on managing the level of exposure to the risk of foreign currency exchange rate fluctuations on its major currencies, which include the Euro, British pound sterling, Japanese yen, Canadian dollar, Swedish krona, Australian dollar, Brazilian real, Korean won and Norwegian krone. The Company also may at times choose to hedge foreign currency risk associated with financing transactions such as third-party debt and other balance sheet items. The Company's foreign currency forward exchange contracts have not been designated as hedges under the criteria prescribed in ASC 815. The Company records these contracts at fair value on its balance sheet and the related gains and losses are immediately recognized in the consolidated statement of operations where there is an offsetting entry related to the underlying exposure.

In prior periods, certain foreign currency forward exchange contracts were designated and qualified as cash flow hedges under the criteria prescribed in ASC 815. The Company recorded these contracts at fair value on its balance sheet and gains or losses

on these contracts were deferred in equity (as a component of comprehensive income (loss)). These deferred gains and losses were recognized in income in the period in which the related royalties and license fees being hedged were received and recognized in income. However, to the extent that any of these contracts were not considered to be perfectly effective in offsetting the change in the value of the royalties and license fees being hedged, any changes in fair value relating to the ineffective portion of these contracts were immediately recognized in the consolidated statement of operations.

The Company has entered into, and in the future may enter into, interest rate swaps to manage interest rate risk. These instruments may offset a portion of changes in income or expense, or changes in fair value of the Company's long-term debt. The interest rate swap instruments are designated and qualify as cash flow hedges under the criteria prescribed in ASC 815. The Company records these contracts at fair value on its balance sheet and gains or losses on these contracts are deferred in equity (as a component of comprehensive income (loss)).

The fair value of foreign currency forward exchange contracts is determined by using observable market transactions of spot and forward rates (i.e., Level 2 inputs) which is discussed further in Note 14. Additionally, netting provisions are provided for in existing International Swap and Derivative Association Inc. agreements in situations where the Company executes multiple contracts with the same counterparty. As a result, net assets or liabilities resulting from foreign exchange derivatives subject to these netting agreements are classified within other current assets or other current liabilities in the Company's consolidated balance sheets.

The Company's hedged interest rate transactions as of June 30, 2020 are expected to be recognized within 4 years. The fair value of interest rate swaps is based on dealer quotes of market rates (i.e., Level 2 inputs) which is discussed further in Note 14. Interest income or expense related to interest rate swaps is recognized in interest income (expense), net in the same period as the related expense is recognized. The ineffective portions of interest rate swaps are recognized in other income (expense) in the period measured.

The Company monitors its positions with, and the credit quality of, the financial institutions that are party to any of its financial transactions.

As of June 30, 2020, the Company had outstanding hedge contracts for the sale of $121 million and the purchase of $61 million of foreign currencies at fixed rates that will be settled by September 2020. As of June 30, 2020, the Company had no unrealized deferred gains or losses in comprehensive loss related to foreign exchange hedging. As of September 30, 2019, the Company had no outstanding hedge contracts and no deferred gains or losses in comprehensive loss related to foreign exchange hedging.

As of June 30, 2020, the Company had outstanding $820 million in pay-fixed receive-variable interest rate swaps with $30 million of unrealized deferred losses in comprehensive income related to the interest rate swaps. As of September 30, 2019, the Company had outstanding $820 million in pay-fixed receive-variable interest rate swaps with $8 million of unrealized deferred losses in comprehensive income related to the interest rate swaps.

The Company recorded realized pre-tax losses of $2 million and no unrealized pre-tax gains or losses related to its foreign currency forward exchange contracts in the consolidated statement of operations as other (expense) income for the nine months ended June 30, 2020. The Company recorded realized pre-tax gains of $2 million and unrealized pre-tax gains of $2 million related to its foreign currency forward exchange contracts in the consolidated statement of operations as other income for the nine months ended June 30, 2019. The unrealized pre-tax losses of the Company's foreign exchange forward contracts recorded in other comprehensive income were $1 million for the nine months ended June 30, 2019.

The unrealized pre-tax losses of the Company's derivative interest rate swaps designated as cash flow hedges recorded in other comprehensive income during the nine months ended June 30, 2020 were $29 million. The unrealized pre-tax losses of the Company's derivative interest rate swaps designated as cash flow hedges recorded in other comprehensive income during the nine months ended June 30, 2019 were $15 million.

The following is a summary of amounts recorded in the consolidated balance sheets pertaining to the Company's derivative instruments at June 30, 2020 and September 30, 2019:

	June 30, 2020 (a)	September 30, 2019 (b)
	(in millions)	
Other current assets	$ 1	$ —
Other current liabilities	(1)	—
Other noncurrent assets	—	2
Other noncurrent liabilities	(40)	(13)

(a) $2 million and $2 million of foreign exchange derivative contracts in current asset and liability positions, respectively, and $40 million of interest rate swaps in noncurrent liability positions.
(b) $2 million and $13 million of interest rate swaps in asset and liability positions, respectively.

12. Segment Information

As discussed more fully in Note 1, based on the nature of its products and services, the Company classifies its business interests into two fundamental operations: Recorded Music and Music Publishing, which also represent the reportable segments of the Company. Information as to each of these operations is set forth below. The Company evaluates performance based on several factors, of which the primary financial measure is operating income (loss) before non-cash depreciation of tangible assets and non-cash amortization of intangible assets ("OIBDA"). The Company has supplemented its analysis of OIBDA results by segment with an analysis of operating income (loss) by segment.

The accounting policies of the Company's business segments are the same as those described in the summary of significant accounting policies included elsewhere herein. The Company accounts for intersegment sales at fair value as if the sales were to third parties. While intercompany transactions are treated like third-party transactions to determine segment performance, the revenues (and corresponding expenses recognized by the segment that is counterparty to the transaction) are eliminated in consolidation, and therefore, do not themselves impact consolidated results.

Three Months Ended	Recorded Music	Music Publishing	Corporate expenses and eliminations	Total
	(in millions)			
June 30, 2020				
Revenues	$ 861	$ 149	$ —	$ 1,010
Operating income (loss)	(160)	14	(287)	(433)
Amortization of intangible assets	30	17	—	47
Depreciation of property, plant and equipment	11	2	2	15
OIBDA	(119)	33	(285)	(371)
June 30, 2019				
Revenues	$ 913	$ 147	$ (2)	$ 1,058
Operating income (loss)	85	18	(45)	58
Amortization of intangible assets	34	17	—	51
Depreciation of property, plant and equipment	12	1	2	15
OIBDA	131	36	(43)	124

Nine Months Ended	Recorded Music	Music Publishing	Corporate expenses and eliminations	Total
	(in millions)			
June 30, 2020				
Revenues	$ 2,852	$ 488	$ (3)	$ 3,337
Operating income (loss)	67	58	(442)	(317)
Amortization of intangible assets	89	52	—	141
Depreciation of property, plant and equipment	42	4	7	53
OIBDA	198	114	(435)	(123)
June 30, 2019				
Revenues	$ 2,887	$ 470	$ (6)	$ 3,351
Operating income (loss)	382	67	(122)	327
Amortization of intangible assets	109	51	—	160
Depreciation of property, plant and equipment	31	4	8	43
OIBDA	522	122	(114)	530

13. Additional Financial Information

Cash Interest and Taxes

The Company made interest payments of approximately $43 million and $50 million during the three months ended June 30, 2020 and June 30, 2019, respectively. The Company made interest payments of approximately $108 million and $120 million during the nine months ended June 30, 2020 and June 30, 2019, respectively. The Company paid approximately $18 million and $22 million of income and withholding taxes, net of refunds, for the three months ended June 30, 2020 and June 30, 2019, respectively. The Company paid approximately $58 million and $40 million of income and withholding taxes, net of refunds, during the nine months ended June 30, 2020 and June 30, 2019, respectively.

Dividends

The Company's ability to pay dividends may be restricted by covenants in certain of the indentures governing its notes and in the credit agreements for the Senior Term Loan Facility and the Revolving Credit Facility.

In the first quarter of fiscal year 2019, the Company instituted a regular quarterly dividend policy whereby it intended to pay a modest regular quarterly dividend in each of the first three fiscal quarters and a variable dividend for the fourth fiscal quarter in an amount commensurate with cash expected to be generated from operations in such fiscal year, in each case, after taking into account other potential uses for cash, including acquisitions, investment in our business and repayment of indebtedness. In connection with the IPO, the Company amended its dividend policy whereby it intends to pay quarterly cash dividends of $0.12 per share to holders of its Class A Common Stock and Class B Common Stock. The Company expects to pay the first dividend under this policy in September 2020. The declaration of each dividend will continue to be at the discretion of the Company's board of directors and will depend on the Company's financial condition, earnings, liquidity and capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends, restrictions imposed by Delaware law, general business conditions and any other factors that the Company's board of directors deems relevant in making such a determination. Therefore, there can be no assurance that the Company will pay any dividends to holders of the Company's common stock, or as to the amount of any such dividends.

Prior to the completion of the IPO, the Company's board of directors declared cash dividends to common stockholders of $37.5 million on each of December 16, 2019 and March 25, 2020, $206 million on September 23, 2019, and $31.25 million on June 28, 2019. Dividends were recorded as an accrual as of the end of periods in which they were declared and paid to stockholders in the quarterly reporting period subsequent to declaration.

Depreciation Expense

During the nine months ended June 30, 2020, the Company recorded depreciation expense of $53 million, which included a one-time charge of $10 million representing the difference between the net book value of a building and its expected recoverable value.

COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Government-imposed mandates limiting public assembly and requiring that non-essential businesses close have adversely impacted the Company's operations, including touring and physical product distribution, for the three and nine months ended June 30, 2020. It is unclear how long government-imposed mandates and restrictions will last and to what extent the global pandemic will impact demand for the Company's music and related services, even as federal, state, local and foreign governmental start to lift restrictions.

The Company is not presently aware of any events or circumstances arising from the global pandemic that would require us to update any estimates, judgments or materially revise the carrying value of our assets or liabilities. The Company's estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the consolidated financial statements. Actual results could differ from estimates, and any such differences may be material to our consolidated financial statements.

Termination of Access Management Agreement

Prior to the IPO, the Company and Holdings were party to a management agreement with Access (the "Management Agreement"), pursuant to which Access provided the Company and its subsidiaries with financial, investment banking, management, advisory and other services. As a result of the completion of the IPO, the Management Agreement terminated in accordance with its terms and the Company paid to Access a one-time termination fee and a fee for transaction services in an aggregate amount of $60 million. The Company recorded these fees in June 2020 and they appear within selling, general and administrative expenses in the consolidated statements of operations for both the three and nine months ended June 30, 2020.

14. Fair Value Measurements

ASC 820, *Fair Value Measurement* ("ASC 820") defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1—inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2—inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

In accordance with the fair value hierarchy, described above, the following tables show the fair value of the Company's financial instruments that are required to be measured at fair value as of June 30, 2020 and September 30, 2019.

	Fair Value Measurements as of June 30, 2020			
	(Level 1)	(Level 2)	(Level 3)	Total
		(in millions)		
Other Current Assets:				
Foreign Currency Forward Exchange Contracts (a)	$ —	$ 1	$ —	$ 1
Other Current Liabilities:				
Foreign Currency Forward Exchange Contracts (a)	—	(1)	—	(1)
Other Noncurrent Assets:				
Equity Method Investment (d)	—	42	—	42
Other Noncurrent Liabilities:				
Interest Rate Swaps (c)	—	(40)	—	(40)
Total	$ —	$ 2	$ —	$ 2

	Fair Value Measurements as of September 30, 2019			
	(Level 1)	(Level 2)	(Level 3)	Total
		(in millions)		
Other Current Liabilities:				
Contractual Obligations (b)	$ —	$ —	$ (9)	$ (9)
Other Noncurrent Assets:				
Equity Method Investment (d)	—	40	—	40
Interest Rate Swap	—	2	—	2
Other Noncurrent Liabilities:				
Interest Rate Swap	—	(13)	—	(13)
Total	$ —	$ 29	$ (9)	$ 20

(a) The fair value of foreign currency forward exchange contracts is based on dealer quotes of market forward rates and reflects the amount that the Company would receive or pay at their maturity dates for contracts involving the same currencies and maturity dates.

(b) This represents purchase obligations and contingent consideration related to the Company's various acquisitions. This is based on a probability weighted performance approach and it is adjusted to fair value on a recurring basis and any adjustments are included as a component of operating income in the statement of operations. These amounts were mainly

calculated using unobservable inputs such as future earnings performance of the Company's various acquisitions and the expected timing of the payment.

(c) The fair value of the interest rate swaps is based on dealer quotes of market forward rates and reflects the amount that the Company would receive or pay as of June 30, 2020 for contracts involving the same attributes and maturity dates.

(d) The fair value of equity method investment represents an equity method investment acquired in fiscal 2019 whereby the Company has elected the fair value option under ASC 825, *Financial Instruments* ("ASC 825"). The valuation is based upon quoted prices in active markets and model-based valuation techniques to determine fair value.

The following table reconciles the beginning and ending balances of net assets and liabilities classified as Level 3:

	Total (in millions)
Balance at September 30, 2019	$ (9)
Additions	—
Reductions	7
Payments	2
Balance at June 30, 2020	$ —

The majority of the Company's non-financial instruments, which include goodwill, intangible assets, inventories, and property, plant and equipment, are not required to be re-measured to fair value on a recurring basis. These assets are evaluated for impairment if certain triggering events occur. If such evaluation indicates that impairment exists, the asset is written down to its fair value. In addition, an impairment analysis is performed at least annually for goodwill and indefinite-lived intangible assets.

Equity Investments Without Readily Determinable Fair Value

The Company evaluates its equity investments without readily determinable fair values for impairment if factors indicate that a significant decrease in value has occurred. The Company has elected to use the measurement alternative to fair value that will allow these investments to be recorded at cost, less impairment, and adjusted for subsequent observable price changes. The Company did not record any impairment charges on these investments during the three and nine months ended June 30, 2020. In addition, there were no observable price changes events that were completed during the three and nine months ended June 30, 2020.

Fair Value of Debt

Based on the level of interest rates prevailing at June 30, 2020, the fair value of the Company's debt was $3.043 billion. Based on the level of interest rates prevailing at September 30, 2019, the fair value of the Company's debt was $3.080 billion. The fair value of the Company's debt instruments is determined using quoted market prices from less active markets or by using quoted market prices for instruments with identical terms and maturities; both approaches are considered a Level 2 measurement.

15. Subsequent Events

Underwriters' Option to Purchase Additional Shares of Class A Common Stock

In connection with the Company's initial public offering, the underwriters exercised their option to purchase 11,550,000 additional shares of Class A Common Stock from certain selling stockholders on July 2, 2020, which settled on July 7, 2020. As a result, there are 421,450,000 shares of Class B Common Stock issued and outstanding and 88,550,000 shares of Class A Common Stock issued and outstanding as of August 4, 2020.

3.875% Senior Secured Notes and 2.750% Senior Secured Notes Offerings

On June 29, 2020, Acquisition Corp. issued and sold $535 million in aggregate principal amount of 3.875% Senior Secured Notes due 2030 (the "3.875% Senior Secured Notes") and €325 million in aggregate principal amount of 2.750% Senior Secured Notes due 2028 (the "2.750% Senior Secured Notes"). Net proceeds of the offerings were used to redeem €311 million of the 4.125% Senior Secured Notes and $220 million of the 4.875% Senior Secured Notes (as described below), constituting the redemption of all of the outstanding aggregate principal amount of the 4.125% Senior Secured Notes and the 4.875% Senior Secured Notes, and the remaining proceeds were used towards the tender offer for $300 million aggregate principal amount of 5.000% Senior Secured Notes, $244 million of which was tendered and accepted on June 29, 2020 and $295,000 of which was tendered and accepted on July 14, 2020. The remainder of the 5.000% Senior Secured Notes not tendered in the tender offer were redeemed on August 1, 2020 (as described below).

Interest on the 3.875% Senior Secured Notes will accrue at the rate of 3.875% per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on January 15, 2021. Interest on the 2.750% Senior Secured Notes will accrue at the rate of 2.750% per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on January 15, 2021.

The 3.875% Senior Secured Notes and the 2.750% Senior Secured Notes are fully and unconditionally guaranteed on a senior secured basis by each of Acquisition Corp.'s existing direct or indirect wholly-owned domestic restricted subsidiaries and by any such subsidiaries that guarantee obligations of Acquisition Corp. under its existing credit facilities, subject to customary exceptions.

The indentures governing the 3.875% Senior Secured Notes and the 2.750% Senior Secured Notes (collectively, the "New Secured Notes Indenture") do not contain many of the restrictive covenants, certain events of default and other related provisions contained in the indentures previously governing the 4.125% Senior Secured Notes and 4.875% Senior Secured Notes. The New Secured Notes Indenture contains covenants limiting, among other things, Acquisition Corp.'s ability and the ability of most of its subsidiaries to create liens and consolidate, merge, sell or otherwise dispose of all or substantially all of its assets.

Redemption of 4.125% Senior Secured Notes and 4.875% Senior Secured Notes

On June 30, 2020, Acquisition Corp. redeemed in full all of the outstanding aggregate principal amount of the 4.125% Senior Secured Notes and 4.875% Senior Secured Notes, equal to €311 million aggregate principal amount of the 4.125% Senior Secured Notes and $220 million aggregate principal amount of the 4.875% Senior Secured Notes, using a portion of the proceeds from the offering of 3.875% Senior Secured Notes and 2.750% Senior Secured Notes described above. The redemption price for the 4.125% Senior Secured Notes was approximately €322 million, equivalent to 103.094% of the principal amount of the 4.125% Senior Secured Notes, plus accrued but unpaid interest thereon to, but excluding, the redemption date, which was June 30, 2020. The redemption price for the 4.875% Senior Secured Notes was approximately $230 million, equivalent to 103.656% of the principal amount of the 4.875% Senior Secured Notes, plus accrued but unpaid interest thereon to, but excluding, the redemption date, which was June 30, 2020. The Company expects to record a loss on extinguishment of debt of approximately $23 million in the fourth quarter of fiscal year 2020 as a result of these redemptions, which represents the premium paid on early redemption and unamortized deferred financing costs.

Tender Offer and Redemption of 5.000% Senior Secured Notes

On June 16, 2020, Acquisition Corp. announced a cash tender offer to purchase any and all of the 5.000% Senior Secured Notes. On June 30, 2020, Acquisition Corp. announced that $244 million of the aggregate principal amount of $300 million outstanding had tendered and been accepted in the tender offer. Also on June 30, 2020, Acquisition Corp. issued a notice of redemption calling the remaining outstanding 5.000% Senior Secured Notes not tendered in the tender offer for redemption on August 1, 2020. An additional $295,000 tendered and was accepted in the tender offer on July 14, 2020 and Acquisition Corp. redeemed all 5.000% Senior Secured Notes that were not tendered and accepted for purchase in the tender offer and consent solicitation on August 1, 2020 at the then-applicable redemption price of 101.250%. The Company expects to record a loss on extinguishment of debt of approximately $7 million in the fourth quarter of fiscal year 2020 as a result of this tender offer and redemption, which represents the premium to tender and unamortized deferred financing costs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations and financial condition with the unaudited interim financial statements included elsewhere in this Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2020 (the "Quarterly Report").

"SAFE HARBOR" STATEMENT UNDER PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Quarterly Report includes forward-looking statements and cautionary statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "seeks," "aims," "projects," "is optimistic," "intends," "plans," "estimates," "anticipates" or other comparable terms or the negative thereof. Forward-looking statements include, without limitation, all matters that are not historical facts. They appear in a number of places throughout this Quarterly Report and include, without limitation, our ability to compete in the highly competitive markets in which we operate, statements regarding our ability to develop talent and attract future talent, our ability to reduce future capital expenditures, our ability to monetize our music, including through new distribution channels and formats to capitalize on the growth areas of the music entertainment industry, our ability to effectively deploy our capital, the development of digital music and the effect of digital distribution channels on our business, including whether we will be able to achieve higher margins from digital sales, the success of strategic actions we are taking to accelerate our transformation as we redefine our role in the music entertainment industry, the effectiveness of our ongoing efforts to reduce overhead expenditures and manage our variable and fixed cost structure and our ability to generate expected cost savings from such efforts, our success in limiting piracy, the growth of the music entertainment industry and the effect of our and the industry's efforts to combat piracy on the industry, our intention to pay dividends or repurchase or retire our outstanding debt or notes in open market purchases, privately or otherwise, the impact on us of potential strategic transactions, our ability to fund our future capital needs and the effect of litigation on us.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of the market in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report. In addition, even if our results of operations, financial condition and cash flows, and the development of the market in which we operate, are consistent with the forward-looking statements contained in this Quarterly Report, those results or developments may not be indicative of results or developments in subsequent periods. New factors emerge from time to time that may cause our business not to develop as we expect, and it is not possible for us to predict all of them. Factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation:

- risks related to the effects of natural or man-made disasters, including pandemics such as COVID-19;
- our ability to identify, sign and retain recording artists and songwriters and the existence or absence of superstar releases;
- our inability to compete successfully in the highly competitive markets in which we operate;
- the ability to further develop a successful business model applicable to a digital environment and to enter into artist services and expanded-rights deals with recording artists in order to broaden our revenue streams in growing segments of the music entertainment business;
- the popular demand for particular recording artists and/or songwriters and music and the timely delivery to us of music by major recording artists and/or songwriters;
- the diversity and quality of our recording artists, songwriters and releases;
- slower growth in streaming adoption and revenue;
- our dependence on a limited number of digital music services for the online distribution and marketing of our music and their ability to significantly influence the pricing structure for online music stores;
- trends, developments or other events in some foreign countries in which we operate;
- risks associated with our non-U.S. operations, including limited legal protections of our intellectual property rights and restrictions on the repatriation of capital;
- unfavorable currency exchange rate fluctuations;

- the impact of heightened and intensive competition in the recorded music and music publishing industries and our inability to execute our business strategy;
- significant fluctuations in our operations, cash flows and the trading price of our common stock from period to period;
- our failure to attract and retain our executive officers and other key personnel;
- a significant portion of our revenues are subject to rate regulation either by government entities or by local third-party collecting societies throughout the world and rates on other income streams may be set by governmental proceedings, which may limit our profitability;
- risks associated with obtaining, maintaining, protecting and enforcing our intellectual property rights;
- our involvement in intellectual property litigation;
- threats to our business associated with digital piracy, including organized industrial piracy;
- an impairment in the carrying value of goodwill or other intangible and long-lived assets;
- our failure to have full control and ability to direct the operations we conduct through joint ventures;
- the impact of, and risks inherent in, acquisitions or other business combinations;
- risks inherent to our outsourcing certain finance and accounting functions;
- the fact that we have engaged in substantial restructuring activities in the past, and may need to implement further restructurings in the future and our restructuring efforts may not be successful or generate expected cost savings;
- our ability to maintain the security of information relating to our customers, employees and vendors and our music;
- risks related to evolving laws and regulations concerning data privacy which might result in increased regulation and different industry standards;
- legislation limiting the terms by which an individual can be bound under a “personal services” contract;
- a potential loss of catalog if it is determined that recording artists have a right to recapture U.S. rights in their recordings under the U.S. Copyright Act;
- potential employment and withholding liabilities if our recording artists and songwriters are characterized as employees;
- any delays and difficulties in satisfying obligations incident to being a public company;
- the impact of our substantial leverage on our ability to raise additional capital to fund our operations, on our ability to react to changes in the economy or our industry and on our ability to meet our obligations under our indebtedness;
- the ability to generate sufficient cash to service all of our indebtedness, and the risk that we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful;
- the fact that our debt agreements contain restrictions that limit our flexibility in operating our business;
- the significant amount of cash required to service our indebtedness and the ability to generate cash or refinance indebtedness as it becomes due depends on many factors, some of which are beyond our control;
- our indebtedness levels, and the fact that we may be able to incur substantially more indebtedness, which may increase the risks created by our substantial indebtedness;
- risks of downgrade, suspension or withdrawal of the rating assigned by a rating agency to us could impact our cost of capital;
- the dual class structure of our common stock and Access’s existing ownership of our Class B Common Stock have the effect of concentrating control over our management and affairs and over matters requiring stockholder approval with Access;
- risks related to the Plan; and
- risks related to other factors discussed under “Risk Factors” of this Quarterly Report, in the prospectus filed pursuant to Rule 424(b) dated as of June 3, 2020 and filed with the Securities and Exchange Commission on June 4, 2020 (the “Prospectus”) and in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

You should read this Quarterly Report completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements made in this Quarterly Report are qualified by these cautionary

statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, and changes in future operating results over time or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Other risks, uncertainties and factors, including those discussed in the "Risk Factors" of this Quarterly Report, the Prospectus and our Annual Report on Form 10-K, could cause our actual results to differ materially from those projected in any forward-looking statements we make. You should read carefully the factors described in the "Risk Factors" section of this Quarterly Report, the Prospectus and our Annual Report on our Form 10-K to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements.

INTRODUCTION

Warner Music Group Corp. (the "Company") was formed on November 21, 2003. The Company is the direct parent of WMG Holdings Corp. ("Holdings"), which is the direct parent of WMG Acquisition Corp. ("Acquisition Corp."). Acquisition Corp. is one of the world's major music entertainment companies.

On June 5, 2020, the Company completed an IPO of 77,000,000 shares of Class A Common Stock at a public offering price of $25 per share. The offering consisted entirely of secondary shares sold by Access and certain related selling stockholders. On July 7, 2020, the Company completed the sale of an additional 11,550,000 shares of Class A Common Stock from the selling stockholders to the underwriters of the Company's IPO pursuant to the exercise by the underwriters of their option to purchase additional shares of Class A Common Stock. We did not receive any of the proceeds of the IPO or exercise of the underwriters' option.

Following completion of the IPO and the exercise in full of the underwriters' option to purchase additional shares, Access holds an aggregate of 421,450,000 shares of Class B Common Stock, representing approximately 99% of the total combined voting power of the Company's outstanding common stock and approximately 83% of the economic interest. As a result, the Company is a "controlled company" within the meaning of the corporate governance standards of NASDAQ. See Item 1A. Risk Factors — Risks Related to Our Controlling Stockholder.

The Company and Holdings are holding companies that conduct substantially all of their business operations through their subsidiaries. The terms "we," "us," "our," "ours" and the "Company" refer collectively to Warner Music Group Corp. and its consolidated subsidiaries, except where otherwise indicated.

Management's discussion and analysis of results of operations and financial condition ("MD&A") is provided as a supplement to the unaudited financial statements and footnotes included elsewhere herein to help provide an understanding of our financial condition, changes in financial condition and results of our operations. MD&A is organized as follows:

- *Business overview.* This section provides a general description of our business, as well as a discussion of factors that we believe are important in understanding our results of operations and comparability and in anticipating future trends.
- *Results of operations.* This section provides an analysis of our results of operations for the three and nine months ended June 30, 2020 and June 30, 2019. This analysis is presented on both a consolidated and segment basis.
- *Financial condition and liquidity.* This section provides an analysis of our cash flows for the nine months ended June 30, 2020 and June 30, 2019, as well as a discussion of our financial condition and liquidity as of June 30, 2020. The discussion of our financial condition and liquidity includes a summary of the key debt covenant compliance measures under our debt agreements.

Use of OIBDA

We evaluate our operating performance based on several factors, including our primary financial measure of operating income (loss) before non-cash depreciation of tangible assets and non-cash amortization of intangible assets ("OIBDA"). We consider OIBDA to be an important indicator of the operational strengths and performance of our businesses. However, a limitation of the use of OIBDA as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our businesses and other non-operating income (loss). Accordingly, OIBDA should be considered in addition to, not as a substitute for, operating income (loss), net income (loss) attributable to Warner Music Group Corp. and other measures of financial performance reported in accordance with United States generally accepted accounting principles ("U.S. GAAP"). In addition, our definition of OIBDA may differ from similarly titled measures used by other companies. A reconciliation of

consolidated OIBDA to operating income (loss) and net income (loss) attributable to Warner Music Group Corp. is provided in our "Results of Operations."

Use of Constant Currency

As exchange rates are an important factor in understanding period to period comparisons, we believe the presentation of revenue on a constant-currency basis in addition to reported results helps improve the ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant-currency information compares revenue between periods as if exchange rates had remained constant period over period. We use revenue on a constant-currency basis as one measure to evaluate our performance. We calculate constant currency by calculating prior-year revenue using current-year foreign currency exchange rates. We generally refer to such amounts calculated on a constant-currency basis as "excluding the impact of foreign currency exchange rates." This revenue should be considered in addition to, not as a substitute for, revenue reported in accordance with U.S. GAAP. Revenue on a constant-currency basis, as we present it, may not be comparable to similarly titled measures used by other companies and are not a measure of performance presented in accordance with U.S. GAAP.

BUSINESS OVERVIEW

We are one of the world's leading music entertainment companies. Our renowned family of iconic record labels, including Atlantic Records, Warner Records, Elektra Records and Parlophone Records, is home to many of the most popular and influential recording artists. In addition, Warner Chappell Music, our global music publishing business, boasts an extraordinary catalog that includes timeless standards and contemporary hits, representing works by over 80,000 songwriters and composers, with a global collection of more than 1.4 million musical compositions. We classify our business interests into two fundamental operations: Recorded Music and Music Publishing. A brief description of each of those operations is presented below.

Components of Our Operating Results

Recorded Music Operations

Our Recorded Music business primarily consists of the discovery and development of recording artists and the related marketing, promotion, distribution, sale and licensing of music created by such recording artists. We play an integral role in virtually all aspects of the recorded music value chain from discovering and developing talent to producing, distributing and selling music to marketing and promoting recording artists and their music.

In the United States, our Recorded Music business is conducted principally through our major record labels—Atlantic Records and Warner Records. In October 2018, we launched Elektra Music Group in the United States as a standalone label group, which comprises the Elektra, Fueled by Ramen and Roadrunner labels. Our Recorded Music business also includes Rhino Entertainment, a division that specializes in marketing our recorded music catalog through compilations, reissuances of previously released music and video titles and releasing previously unreleased material from our vault. We also conduct our Recorded Music business through a collection of additional record labels including Asylum, Big Beat, Canvasback, East West, Erato, FFRR, Nonesuch, Parlophone, Reprise, Sire, Spinnin' Records, Warner Classics and Warner Music Nashville.

Outside the United States, our Recorded Music business is conducted in more than 70 countries through various subsidiaries, affiliates and non-affiliated licensees. Internationally, we engage in the same activities as in the United States: discovering and signing artists and distributing, selling, marketing and promoting their music. In most cases, we also market, promote, distribute and sell the music of those recording artists for whom our domestic record labels have international rights. In certain smaller markets, we license the right to distribute and sell our music to non-affiliated third-party record labels.

Our Recorded Music business' distribution operations include Warner-Elektra-Atlantic Corporation ("WEA Corp."), which markets, distributes and sells music and video products to retailers and wholesale distributors; Alternative Distribution Alliance ("ADA"), which markets, distributes and sells the products of independent labels to retail and wholesale distributors; and various distribution centers and ventures operated internationally.

In addition to our music being sold in physical retail outlets, our music is also sold in physical form to online physical retailers, such as Amazon.com, barnesandnoble.com and bestbuy.com, and distributed in digital form to an expanded universe of digital partners, including streaming services such as those of Amazon, Apple, Deezer, SoundCloud, Spotify, Tencent Music Entertainment Group and YouTube, radio services such as iHeart Radio and SiriusXM and download services.

We have integrated the marketing of digital content into all aspects of our business, including A&R and distribution. Our business development executives work closely with A&R departments to ensure that while music is being produced, digital assets are also created with all distribution channels in mind, including streaming services, social networking sites, online portals and music-centered destinations. We also work side-by-side with our online and mobile partners to test new concepts. We believe existing and new digital businesses will be a significant source of growth and will provide new opportunities to successfully monetize our assets and create new revenue streams. The proportion of digital revenues attributable to each distribution channel varies by region and proportions may change as the introduction of new technologies continues. As one of the world's largest music entertainment companies, we believe we are well positioned to take advantage of growth in digital distribution and emerging technologies to maximize the value of our assets.

We have diversified our revenues beyond our traditional businesses by entering into expanded-rights deals with recording artists in order to partner with such artists in other aspects of their careers. Under these agreements, we provide services to and participate in recording artists' activities outside the traditional recorded music business such as touring, merchandising and sponsorships. We have built and acquired artist services capabilities and platforms for marketing and distributing this broader set of music-related rights and participating more widely in the monetization of the artist brands we help create. We believe that entering into expanded-rights deals and enhancing our artist services capabilities in areas such as merchandising, VIP ticketing, fan clubs, concert promotion and management has permitted us to diversify revenue streams and capitalize on other revenue opportunities. This provides for improved long-term relationships with our recording artists and allows us to more effectively connect recording artists and fans.

Recorded Music revenues are derived from four main sources:

- *Digital*: the rightsholder receives revenues with respect to streaming and download services;
- *Physical*: the rightsholder receives revenues with respect to sales of physical products such as vinyl, CDs and DVDs;
- *Artist services and expanded-rights*: the rightsholder receives revenues with respect to our artist services businesses and our participation in expanded rights associated with our recording artists, including sponsorship, fan clubs, artist websites, merchandising, touring, concert promotion, ticketing and artist and brand management; and
- *Licensing*: the rightsholder receives royalties or fees for the right to use sound recordings in combination with visual images such as in films or television programs, television commercials and video games; the rightsholder also receives royalties if sound recordings are performed publicly through broadcast of music on television, radio and cable, and in public spaces such as shops, workplaces, restaurants, bars and clubs.

The principal costs associated with our Recorded Music business are as follows:

- *A&R costs*: the costs associated with (i) paying royalties to recording artists, producers, songwriters, other copyright holders and trade unions; (ii) signing and developing recording artists; and (iii) creating master recordings in the studio;
- *Product costs*: the costs to manufacture, package and distribute products to wholesale and retail distribution outlets, the royalty costs associated with distributing products of independent labels to wholesale and retail distribution outlets, as well as the costs related to our artist services business;
- *Selling and marketing expenses*: the costs associated with the promotion and marketing of recording artists and music, including costs to produce music videos for promotional purposes and artist tour support; and
- *General and administrative expenses*: the costs associated with general overhead and other administrative expenses.

Music Publishing Operations

While Recorded Music is focused on marketing, promoting, distributing and licensing a particular recording of a musical composition, Music Publishing is an intellectual property business focused on generating revenue from uses of the musical composition itself. In return for promoting, placing, marketing and administering the creative output of a songwriter, or engaging in those activities for other rightsholders, our Music Publishing business garners a share of the revenues generated from use of the musical compositions.

The operations of our Music Publishing business are conducted principally through Warner Chappell Music, our global music publishing company headquartered in Los Angeles, with operations in over 70 countries through various subsidiaries, affiliates and non-affiliated licensees and sub-publishers. We own or control rights to more than 1.4 million musical compositions, including numerous pop hits, American standards, folk songs and motion picture and theatrical compositions. Assembled over decades, our award-winning catalog includes over 80,000 songwriters and composers and a diverse range of genres including pop, rock, jazz, classical, country, R&B, hip-hop, rap, reggae, Latin, folk, blues, symphonic, soul, Broadway, techno, alternative and gospel. Warner

Chappell Music also administers the music and soundtracks of several third-party television and film producers and studios. We have an extensive production music catalog collectively branded as Warner Chappell Production Music.

Music Publishing revenues are derived from five main sources:

- *Performance*: the rightsholder receives revenues if the musical composition is performed publicly through broadcast of music on television, radio and cable, live performance at a concert or other venue (*e.g.*, arena concerts and nightclubs), and performance of music in staged theatrical productions;
- *Digital*: the rightsholder receives revenues with respect to musical compositions embodied in recordings distributed in streaming services, download services and other digital music services;
- *Mechanical*: the rightsholder receives revenues with respect to musical compositions embodied in recordings sold in any physical format or configuration such as vinyl, CDs and DVDs;
- *Synchronization*: the rightsholder receives revenues for the right to use the musical composition in combination with visual images such as in films or television programs, television commercials and video games as well as from other uses such as in toys or novelty items and merchandise; and
- *Other*: the rightsholder receives revenues for use in sheet music and other uses.

The principal costs associated with our Music Publishing business are as follows:

- *A&R costs*: the costs associated with (i) paying royalties to songwriters, co-publishers and other copyright holders in connection with income generated from the uses of their works and (ii) signing and developing songwriters; and
- *Selling and marketing, general overhead and other administrative expenses*: the costs associated with selling and marketing, general overhead and other administrative expenses.

Factors Affecting Results of Operations and Comparability

COVID-19 Pandemic

In January 2020, a new strain of coronavirus, COVID-19, was identified in Wuhan, China. On March 11, 2020, the World Health Organization declared a global pandemic. The global pandemic and governmental responses thereto have disrupted physical and manufacturing supply chains and required the closures of physical retailers, resulting in declines in our physical revenue streams. Additionally, the requirement that people stay in their homes has impacted our business in other ways, such as, making it impossible to hold live concert tours, adversely impacting our concert promotion business and the sale of merchandise, delaying the release of new recordings and disrupting the production and release of motion pictures and television programs, which has negatively affected licensing revenue in our Recorded Music business and synchronization revenue in our Music Publishing business. The disruption from the COVID-19 pandemic may accelerate growth of other revenue streams such as fitness and interactive gaming (including augmented reality and virtual reality). Our results of operations, cash flows and financial condition at and for the three and nine months ended June 30, 2020 were adversely affected by the global pandemic. In addition to the impact resulting from the business disruption, the Company recognized one-time charges of $13 million impacting OIBDA and a total of $18 million impacting net income for the nine months ended June 30, 2020. No such charges were incurred for the three months ended June 30, 2020.

Initial Public Offering

On June 5, 2020, we completed an IPO of 77,000,000 shares of Class A Common Stock, par value $0.001 per share at a public offering price of $25 per share. On July 7, 2020, we completed a sale of an additional 11,550,000 shares of Class A Common Stock from the selling stockholders to the underwriters of the IPO pursuant to the exercise by the underwriters of their option to purchase additional shares of Class A Common Stock.

The sale of shares through the offering consisted entirely of secondary shares sold by Access. We did not receive any proceeds resulting from the sale and listing of shares. As a result, we incurred one-time costs associated with the IPO of approximately $86 million and $90 million for the three and nine months ended June 30, 2020, respectively. Going forward, our results of operations will include expenses associated with being a public company, including auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees and listing fees, as well as other expenses. For the three months ended June 30, 2020, costs associated with being a public company were not material.

Senior Management Free Cash Flow Plan

On June 5, 2020, we amended our Senior Management Free Cash Flow Plan (the "Plan"), which pays annual bonuses to certain executives based on our free cash flow and offers participants the opportunity to share in the appreciation of the value of our common stock, to remove the cash-settlement feature of the awards issued previously under the Plan. Our results of operations were adversely impacted by non-cash stock-based compensation charges of $436 million and $593 million for the three and nine months ended June 30, 2020, respectively, which reflect the mark-to-market adjustment through the modification date of the Plan for the change in value of our common stock upon consummation of the IPO. We incurred non-cash stock-based compensation charges of $13 million and $23 million for the three and nine months ended June 30, 2019, respectively.

Subsequent to the amendment, the awards issued under the Plan will no longer be adjusted for changes in the value of our common stock. We will continue to incur non-cash stock-based compensation expense for awards that were unvested as of the modification date of the Plan and for any future awards that may be issued under the Plan.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2020 Compared with Three Months Ended June 30, 2019

Consolidated Results

Revenues

Our revenues were composed of the following amounts (in millions):

	For the Three Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Revenue by Type				
Digital	$ 630	$ 584	$ 46	8 %
Physical	51	95	(44)	-46 %
Total Digital and Physical	681	679	2	— %
Artist services and expanded-rights	124	158	(34)	-22 %
Licensing	56	76	(20)	-26 %
Total Recorded Music	861	913	(52)	-6 %
Performance	27	36	(9)	-25 %
Digital	90	65	25	38 %
Mechanical	8	13	(5)	-38 %
Synchronization	22	29	(7)	-24 %
Other	2	4	(2)	-50 %
Total Music Publishing	149	147	2	1 %
Intersegment eliminations	—	(2)	2	-100 %
Total Revenues	$ 1,010	$ 1,058	$ (48)	-5 %
Revenue by Geographical Location				
U.S. Recorded Music	$ 358	$ 395	$ (37)	-9 %
U.S. Music Publishing	74	71	3	4 %
Total U.S.	432	466	(34)	-7 %
International Recorded Music	503	518	(15)	-3 %
International Music Publishing	75	76	(1)	-1 %
Total International	578	594	(16)	-3 %
Intersegment eliminations	—	(2)	2	-100 %
Total Revenues	$ 1,010	$ 1,058	$ (48)	-5 %

Total Revenues

Total revenues decreased by $48 million, or 5%, to $1,010 million for the three months ended June 30, 2020 from $1,058 million for the three months ended June 30, 2019. The decrease includes $16 million of unfavorable currency exchange fluctuations. Prior to intersegment eliminations, Recorded Music and Music Publishing revenues represented 85% and 15% of total revenue for the three months ended June 30, 2020, respectively, and 86% and 14% of total revenue for the three months ended June 30, 2019. Prior to intersegment eliminations, U.S. and international revenues represented 43% and 57% of total revenues for the three months ended June 30, 2020, respectively, and 44% and 56% of total revenues for the three months ended June 30, 2019, respectively.

Total digital revenues after intersegment eliminations increased by $72 million, or 11%, to $720 million for the three months ended June 30, 2020 from $648 million for the three months ended June 30, 2019. Total digital revenues represented 71% and 61% of consolidated revenues for the three months ended June 30, 2020 and June 30, 2019, respectively. Prior to intersegment eliminations, total digital revenues for the three months ended June 30, 2020 were comprised of U.S. revenues of $363 million and international revenues of $357 million, or 50% of total digital revenues for each of U.S. and international revenues. Prior to intersegment eliminations, total digital revenues for the three months ended June 30, 2019 were comprised of U.S. revenues of $343 million and international revenues of $306 million, or 53% and 47% of total digital revenues, respectively.

Recorded Music revenues decreased by $52 million, or 6%, to $861 million for the three months ended June 30, 2020 from $913 million for the three months ended June 30, 2019. The decrease includes $14 million of unfavorable currency exchange fluctuations. U.S. Recorded Music revenues were $358 million and $395 million, or 42% and 43%, of consolidated Recorded Music revenues for the three months ended June 30, 2020 and June 30, 2019, respectively. International Recorded Music revenues were $503 million and $518 million, or 58% and 57%, of consolidated Recorded Music revenues for the three months ended June 30, 2020 and June 30, 2019, respectively.

The overall decrease in Recorded Music revenue was driven by decreases in physical, artist services and expanded-rights, and licensing revenue, partially offset by increases in digital revenue. Physical revenue decreased by $44 million primarily due to the impact of the COVID-19 business disruption resulting in lower physical sales, continued shift from physical revenue to digital revenue, and timing of releases and carryover success in the prior-year quarter. Artist services and expanded-rights revenue decreased by $34 million primarily due to timing of touring activity and the impact of COVID-19, which resulted in tour postponements and cancellations and decreased merchandising revenues. Licensing revenue decreased by $20 million primarily due to the impact of COVID-19, which resulted in lower advertising and deal activity. Partially offsetting these decreases was an increase of digital revenue by $46 million as a result of the continued growth in streaming services and strength of releases, which included carryover success from Roddy Ricch, Dua Lipa, Lil Uzi Vert, Tones and I, and Ed Sheeran. Revenue from streaming services grew by $49 million to $589 million for the three months ended June 30, 2020 from $540 million for the three months ended June 30, 2019. Digital revenue growth was partially offset by decreases in digital download and other digital declines of $3 million to $41 million for the three months ended June 30, 2020 from $44 million for the three months ended June 30, 2019 due to the continued shift to streaming services. Digital revenue was not materially impacted by COVID-19 in the quarter.

Music Publishing revenues increased by $2 million, or 1%, to $149 million for the three months ended June 30, 2020 from $147 million for the three months ended June 30, 2019. U.S. Music Publishing revenues were $74 million and $71 million, or 50% and 48%, of consolidated Music Publishing revenues for the three months ended June 30, 2020 and June 30, 2019, respectively. International Music Publishing revenues were $75 million and $76 million or 50% and 52%, of consolidated Music Publishing revenues for the three months ended June 30, 2020 and June 30, 2019, respectively.

The overall increase in Music Publishing revenue was mainly driven by increases in digital revenue of $25 million, partially offset by decreases in performance revenue of $9 million, synchronization revenue of $7 million, and mechanical revenue of $5 million. The increase in digital revenue is primarily due to increases in streaming revenue driven by the continued growth in streaming services and timing of digital deals. The decline in performance revenue and synchronization revenue is primarily driven by the impact from COVID-19. The decline in mechanical revenue is driven by the continued market decline in physical revenue, timing of distributions and the impact from COVID-19.

Revenue by Geographical Location

U.S. revenue decreased by $34 million, or 7%, to $432 million for the three months ended June 30, 2020 from $466 million for the three months ended June 30, 2019. U.S. Recorded Music revenue decreased by $37 million, or 9%. The primary driver was the decrease in U.S. Recorded Music physical revenue of $22 million driven by general market decline, impact of COVID-19, and timing of releases, as well as a decrease of U.S. Recorded Music artist services and expanded-rights revenue of $21 million primarily due to the impact of COVID-19. Partially offsetting this decrease is an increase of U.S. Recorded Music digital revenue of $10 million driven by the continued growth in streaming services. U.S. Music Publishing revenue increased by $3 million, or 4%, to $74 million for the three months ended June 30, 2020 from $71 million for the three months ended June 30, 2019. This was primarily driven by the increase in U.S. Music Publishing of $10 million in digital revenue due to the continued growth in streaming services, partially offset by decreases in synchronization revenue and performance revenue of $4 million and $3 million, respectively, primarily due to the impact of COVID-19.

International revenue decreased by $16 million, or 3%, to $578 million for the three months ended June 30, 2020 from $594 million for the three months ended June 30, 2019. Excluding the unfavorable impact of foreign currency exchange rates, International revenue remained flat. International Recorded Music revenue decreased by $15 million primarily due to decreases in physical revenue of $22 million, licensing revenue of $16 million, and artist services and expanded-rights revenue of $13 million, partially offset by increases in digital revenue of $36 million. International Recorded Music physical revenue decreased by $22 million due to the continued shift from physical revenue to digital revenue, impact of COVID-19, timing of releases and carryover success in the prior-year quarter. International Recorded Music licensing revenue decreased by $16 million primarily due to the impact of COVID-19. International Recorded Music artist services and expanded-rights revenue decreased by $13 million primarily due to the impact of COVID-19, which resulted in tour postponements and cancellations and decreased merchandising revenues, and timing of larger tours in Japan and France in the prior-year quarter. The increase in International Recorded Music digital revenue was due to continued growth in streaming services internationally. International Music Publishing revenue decreased from the prior-year quarter by $1 million to $75 million for the three months ended June 30, 2020. This was primarily driven by decreases in performance revenue of $6 million, mechanical revenue of $4 million, and synchronization revenue of $3 million, partially offset by an increase in digital revenue of $15 million. The decline in performance revenue and synchronization revenue is primarily driven by the impact from COVID-19. The decline in mechanical revenue is driven by lower private copy income in France, the continued market decline in physical revenue and the impact from COVID-19. The increase in digital revenue is primarily due to increases in streaming revenue driven by the continued growth in streaming services.

Our cost of revenues was composed of the following amounts (in millions):

	For the Three Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Artist and repertoire costs	$ 367	$ 372	$ (5)	-1 %
Product costs	160	205	(45)	-22 %
Total cost of revenues	$ 527	$ 577	$ (50)	-9 %

Artist and repertoire costs decreased by $5 million, to $367 million for the three months ended June 30, 2020 from $372 million for the three months ended June 30, 2019. Artist and repertoire costs as a percentage of revenue increased to 36% for the three months ended June 30, 2020 from 35% for the three months ended June 30, 2019.

Product costs decreased by $45 million, to $160 million for the three months ended June 30, 2020 from $205 million for the three months ended June 30, 2019. Product costs as a percentage of revenue decreased to 16% for the three months ended June 30, 2020 from 19% for the three months ended June 30, 2019. Decreases in product costs relate to revenue mix, specifically the decrease in physical and artist services and expanded-rights revenue.

Selling, general and administrative expenses

Our selling, general and administrative expenses were composed of the following amounts (in millions):

	For the Three Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
General and administrative expense (1)	$ 717	$ 191	$ 526	— %
Selling and marketing expense	133	155	(22)	-14 %
Distribution expense	19	26	(7)	-27 %
Total selling, general and administrative expense	$ 869	$ 372	$ 497	— %

(1) Includes depreciation expense of $15 million for both the three months ended June 30, 2020 and June 30, 2019.

Total selling, general and administrative expense increased by $497 million to $869 million for the three months ended June 30, 2020 from $372 million for the three months ended June 30, 2019. Expressed as a percentage of revenue, selling, general and administrative expense increased to 86% for the three months ended June 30, 2020 from 35% for the three months ended June 30, 2019. This is primarily due to the increased non-cash stock-based compensation expense of $426 million and management agreement termination fee and IPO related expenses totaling $86 million. Excluding non-cash stock-based compensation expense, the management agreement termination fee and IPO related expenses, selling, general and administrative expense as a percentage of revenue remained constant at 34% for both the three months ended June 30, 2020 and June 30, 2019.

General and administrative expense increased by $526 million to $717 million for the three months ended June 30, 2020 from $191 million for the three months ended June 30, 2019. The increase in general and administrative expense was mainly due to higher non-cash stock-based compensation expense of $426 million, and the management agreement termination fee and IPO related expenses totaling $86 million, timing of variable compensation expense, and higher transformation initiatives costs of $5 million. Expressed as a percentage of revenue, general and administrative expense increased to 71% for the three months ended June 30, 2020 from 18% for the three months ended June 30, 2019. Excluding non-cash stock-based compensation expense, management agreement termination fee and IPO related expenses, general and administrative expense as a percentage of revenue increased to 19% for the three months ended June 30, 2020 from 17% for the three months ended June 30, 2019 due to the factors described above.

Selling and marketing expense decreased by $22 million, or 14%, to $133 million for the three months ended June 30, 2020 from $155 million for the three months ended June 30, 2019. The decrease in selling and marketing expense was primarily due to a decrease in spend as a result of the COVID-19 disruption. Expressed as a percentage of revenue, selling and marketing expense decreased to 13% for the three months ended June 30, 2020 from 15% for the three months ended June 30, 2019 due to the factors described above.

Distribution expense was $19 million for the three months ended June 30, 2020 and $26 million for the three months ended June 30, 2019. Expressed as a percentage of revenue, distribution expense decreased to 2% for the three months ended June 30, 2020 from 3% for the three months ended June 30, 2019.

Reconciliation of Net Income Attributable to Warner Music Group Corp. and Operating Income to Consolidated OIBDA

As previously described, we use OIBDA as our primary measure of financial performance. The following table reconciles operating income to OIBDA, and further provides the components from net income attributable to Warner Music Group Corp. to operating income for purposes of the discussion that follows (in millions):

	For the Three Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Net (loss) income attributable to Warner Music Group Corp.	$ (520)	$ 13	$ (533)	— %
Income attributable to noncontrolling interest	1	1	—	— %
Net (loss) income	(519)	14	(533)	— %
Income tax expense (benefit)	51	(12)	63	— %
(Loss) income before income taxes	(468)	2	(470)	— %
Other expense	3	16	(13)	-81 %
Interest expense, net	32	36	(4)	-11 %
Loss on extinguishment of debt	—	4	(4)	-100 %
Operating (loss) income	(433)	58	(491)	— %
Amortization expense	47	51	(4)	-8 %
Depreciation expense	15	15	—	— %
OIBDA	$ (371)	$ 124	$ (495)	— %

OIBDA

OIBDA decreased by $495 million to a loss of $371 million for the three months ended June 30, 2020 as compared to income of $124 million for the three months ended June 30, 2019 as a result of lower revenues and higher non-cash stock-based compensation expense, and the management agreement termination fee and IPO related expenses. Expressed as a percentage of total revenue, OIBDA margin decreased to (37)% for the three months ended June 30, 2020 from 12% for the three months ended June 30, 2019. Excluding non-cash stock-based compensation expense, management agreement termination fee and IPO related expenses, as a percentage of total revenue, OIBDA margin increased to 15% for the three months ended June 30, 2020 from 13% for the three months ended June 30, 2019 as a result of lower product costs and lower selling and marketing expense.

Amortization expense

Our amortization expense decreased by $4 million, or 8%, to $47 million for the three months ended June 30, 2020 from $51 million for the three months ended June 30, 2019. The decrease is primarily due to certain intangible assets becoming fully amortized.

Operating (loss) income

Our operating (loss) income decreased by $491 million to operating loss of $433 million for the three months ended June 30, 2020 from operating income of $58 million for the three months ended June 30, 2019. The decrease in operating (loss) income was due to the factors that led to the decrease in OIBDA.

Loss on extinguishment of debt

There was no loss on extinguishment of debt for the three months ended June 30, 2020. We recorded a loss on extinguishment of debt in the amount of $4 million for the three months ended June 30, 2019 related to the redemption of the remaining 5.625% Senior Secured Notes.

Interest expense, net

Our interest expense, net, decreased to $32 million for the three months ended June 30, 2020 from $36 million for the three months ended June 30, 2019 due to a decline in LIBOR rates as well as lower interest rates resulting from the redemption of the 5.625% Senior Secured Notes and issuance of the 3.625% Senior Secured Notes.

Other expense

Other expense for the three months ended June 30, 2020 primarily includes foreign currency loss on our Euro-denominated debt of $16 million, unrealized loss on hedging activity of $2 million, and a loss on investment of $1 million, partially offset by unrealized gain of $14 million on the mark-to-market of an equity method investment and currency exchange gains on our intercompany loans of $3 million. This compares to the unrealized loss of $6 million on the mark-to-market of an equity method investment and a loss on our Euro-denominated debt of $10 million for the three months ended June 30, 2019.

Income tax expense (benefit)

Our income tax expense (benefit) increased by $63 million to a tax expense of $51 million for the three months ended June 30, 2020 from $12 million of a tax benefit for the three months ended June 30, 2019. The change of $63 million in income tax expense primarily relates to higher pre-tax income before non-deductible expenses of the Plan and transaction costs and impact of IRC Section 162(m) in the three months ended June 30, 2020 as compared to change in components of forecasted taxable income in the three months ended June 30, 2019.

Net (loss) income

Net (loss) income decreased by $533 million to net loss of $519 million for the three months ended June 30, 2020 from net income of $14 million for the three months ended June 30, 2019 as a result of the factors described above.

Noncontrolling interest

There was $1 million of income attributable to noncontrolling interest for both the three months ended June 30, 2020 and June 30, 2019.

Business Segment Results

Revenues, operating income (loss) and OIBDA by business segment were as follows (in millions):

	For the Three Months Ended June 30,		2020 vs. 2019	
	2020	2019	$ Change	% Change
Recorded Music				
Revenues	$ 861	$ 913	$ (52)	-6 %
Operating (loss) income	(160)	85	(245)	— %
OIBDA	(119)	131	(250)	— %
Music Publishing				
Revenues	149	147	2	1 %
Operating income	14	18	(4)	-22 %
OIBDA	33	36	(3)	-8 %
Corporate expenses and eliminations				
Revenue eliminations	—	(2)	2	-100 %
Operating loss	(287)	(45)	(242)	— %
OIBDA loss	(285)	(43)	(242)	— %
Total				
Revenues	1,010	1,058	(48)	-5 %
Operating (loss) income	(433)	58	(491)	— %
OIBDA	(371)	124	(495)	— %

Recorded Music

Revenues

Recorded Music revenue decreased by $52 million, or 6%, to $861 million for the three months ended June 30, 2020 from $913 million for the three months ended June 30, 2019. U.S. Recorded Music revenues were $358 million and $395 million, or 42% and 43%, of consolidated Recorded Music revenues for the three months ended June 30, 2020 and June 30, 2019, respectively. International Recorded Music revenues were $503 million and $518 million, or 58% and 57%, of consolidated Recorded Music revenues for both the three months ended June 30, 2020 and June 30, 2019, respectively.

The overall decrease in Recorded Music revenue was mainly driven by decreases in physical, artist services and expanded-rights, and licensing revenue, partially offset by increases in digital revenue as described in the “Total Revenues” and “Revenue by Geographical Location” sections above.

Cost of revenues

Recorded Music cost of revenues was composed of the following amounts (in millions):

	For the Three Months Ended June 30,		2020 vs. 2019	
	2020	2019	$ Change	% Change
Artist and repertoire costs	$ 271	$ 282	$ (11)	-4 %
Product costs	160	205	(45)	-22 %
Total cost of revenues	$ 431	$ 487	$ (56)	-11 %

Recorded Music cost of revenues decreased by $56 million, or 11%, to $431 million for the three months ended June 30, 2020 from $487 million for the three months ended June 30, 2019. Expressed as a percentage of Recorded Music revenue, Recorded Music artist and repertoire costs remained constant at 31% for both the three months ended June 30, 2020 and June 30, 2019. Expressed as a percentage of Recorded Music revenue, Recorded Music product costs decreased to 19% for the three months ended June 30, 2020 from 22% for the three months ended June 30, 2019. The decrease in product costs relates to revenue mix, specifically decreases in physical and artist services and expanded-rights revenue.

Selling, general and administrative expense

Recorded Music selling, general and administrative expenses were composed of the following amounts (in millions):

	For the Three Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
General and administrative expense (1)	$ 409	$ 128	$ 281	— %
Selling and marketing expense	132	153	(21)	-14 %
Distribution expense	19	26	(7)	-27 %
Total selling, general and administrative expense	$ 560	$ 307	$ 253	82 %

(1) Includes depreciation expense of $11 million and $12 million for the three months ended June 30, 2020 and for the three months ended June 30, 2019, respectively.

Recorded Music selling, general and administrative expense increased by $253 million, or 82%, to $560 million for the three months ended June 30, 2020 from $307 million for the three months ended June 30, 2019. The increase in general and administrative expense was primarily due to higher non-cash stock-based compensation expense of $276 million and timing of variable compensation expense. The decrease in selling and marketing expense was primarily due to a decrease in spend resulting from the COVID-19 business disruption. The decrease in distribution expense was primarily due to revenue mix. Expressed as a percentage of Recorded Music revenue, Recorded Music selling, general and administrative expense increased to 65% for the three months ended June 30, 2020 from 34% for the three months ended June 30, 2019. Excluding non-cash stock-based compensation expense, selling, general and administrative expense as a percentage of Recorded Music revenue decreased to 32% for the three months ended June 30, 2020 from 33% for the three months ended June 30, 2019 due to the factors described above.

Operating income and OIBDA

Recorded Music OIBDA included the following amounts (in millions):

	For the Three Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Operating income	$ (160)	$ 85	$ (245)	— %
Depreciation and amortization	41	46	(5)	-11 %
OIBDA	$ (119)	$ 131	$ (250)	— %

Recorded Music OIBDA decreased by $250 million to a loss of $119 million for the three months ended June 30, 2020 from income of $131 million for the three months ended June 30, 2019 as a result of lower revenues and higher non-cash stock-based compensation expense. Excluding non-cash stock-based compensation expense, Recorded Music OIBDA increased by $26 million, or 19%, for the three months ended June 30, 2020. Expressed as a percentage of Recorded Music revenue, Recorded Music OIBDA margin decreased to (14)% for the three months ended June 30, 2020 from 14% for the three months ended June 30, 2019. Excluding non-cash stock-based compensation expense, OIBDA, as a percentage of Recorded Music revenue, increased to 19% for the three months ended June 30, 2020 from 15% for the three months ended June 30, 2019 as a result of lower product costs, selling and marketing expense, and distribution expense.

Recorded Music operating (loss) income decreased by $245 million to operating loss of $160 million for the three months ended June 30, 2020 from operating income $85 million for the three months ended June 30, 2019. Excluding non-cash stock-based compensation expense, operating income increased by $31 million to $125 million for the three months ended June 30, 2020 from $94 million for the three months ended June 30, 2019.

Music Publishing

Revenues

Music Publishing revenues increased by $2 million, or 1%, to $149 million for the three months ended June 30, 2020 from $147 million for the three months ended June 30, 2019. U.S. Music Publishing revenues were $74 million and $71 million, or 50% and 48%, of consolidated Music Publishing revenues for the three months ended June 30, 2020 and June 30, 2019, respectively. International Music Publishing revenues were $75 million and $76 million, or 50% and 52%, of consolidated Music Publishing revenues for the three months ended June 30, 2020 and June 30, 2019, respectively.

The overall increase in Music Publishing revenue was mainly driven by streaming revenue growth, partially offset by lower performance, synchronization, and mechanical revenues as described in the “Total Revenues” and “Revenue by Geographical Location” sections above.

Cost of revenues

Music Publishing cost of revenues were composed of the following amounts (in millions):

	For the Three Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Artist and repertoire costs	$ 96	$ 92	$ 4	4 %
Total cost of revenues	$ 96	$ 92	$ 4	4 %

Music Publishing cost of revenues increased by $4 million, or 4%, to $96 million for the three months ended June 30, 2020 from $92 million for the three months ended June 30, 2019. Expressed as a percentage of Music Publishing revenue, Music Publishing cost of revenues increased to 64% for the three months ended June 30, 2020 from 63% for the three months ended June 30, 2019. This increase is primarily attributable to revenue mix.

Selling, general and administrative expense

Music Publishing selling, general and administrative expenses were comprised of the following amounts (in millions):

	For the Three Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
General and administrative expense (1)	$ 22	$ 19	$ 3	16 %
Selling and marketing expense	—	1	(1)	-100 %
Total selling, general and administrative expense	$ 22	$ 20	$ 2	10 %

(1) Includes depreciation expense of $2 million and $1 million for the three months ended June 30, 2020 and the three months ended June 30, 2019, respectively.

Music Publishing selling, general and administrative expense increased to $22 million for the three months ended June 30, 2020 from $20 million for the three months ended June 30, 2019. Expressed as a percentage of Music Publishing revenue, Music Publishing selling, general and administrative expense increased to 15% for the three months ended June 30, 2020 from 14% for the three months ended June 30, 2019 due to higher employee-related and restructuring costs.

Operating income and OIBDA

Music Publishing OIBDA included the following amounts (in millions):

	For the Three Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Operating income	$ 14	$ 18	$ (4)	-22 %
Depreciation and amortization	19	18	1	6 %
OIBDA	$ 33	$ 36	$ (3)	-8 %

Music Publishing OIBDA decreased by $3 million, or 8%, to $33 million for the three months ended June 30, 2020 from $36 million for the three months ended June 30, 2019. Expressed as a percentage of Music Publishing revenue, Music Publishing OIBDA margin decreased to 22% for the three months ended June 30, 2020 from 24% for the three months ended June 30, 2019. The decrease was primarily due to higher artist and repertoire expenses and general and administrative expenses as a percentage of revenue.

Music Publishing operating income decreased by $4 million to $14 million for the three months ended June 30, 2020 from $18 million for the three months ended June 30, 2019 due to the factors that led to the decrease in Music Publishing OIBDA noted above.

Corporate Expenses and Eliminations

Our operating loss from corporate expenses and eliminations increased by $242 million for the three months ended June 30, 2020 to $287 million from $45 million for the three months ended June 30, 2019, which primarily includes an increase in non-cash stock-based compensation expense of $150 million, the management agreement termination fee and IPO related expenses totaling $86 million, and higher costs related to transformation initiatives of $5 million.

Our OIBDA loss from corporate expenses and eliminations increased by $242 million for the three months ended June 30, 2020 to $285 million from $43 million for the three months ended June 30, 2019 due to the operating loss factors noted above.

RESULTS OF OPERATIONS

Nine Months Ended June 30, 2020 Compared with Nine Months Ended June 30, 2019

Consolidated Results

Revenues

Our revenues were composed of the following amounts (in millions):

	For the Nine Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Revenue by Type				
Digital	$ 1,889	$ 1,744	$ 145	8 %
Physical	329	456	(127)	-28 %
Total Digital and Physical	2,218	2,200	18	1 %
Artist services and expanded-rights	427	458	(31)	-7 %
Licensing	207	229	(22)	-10 %
Total Recorded Music	2,852	2,887	(35)	-1 %
Performance	114	135	(21)	-16 %
Digital	237	195	42	22 %
Mechanical	38	41	(3)	-7 %
Synchronization	92	89	3	3 %
Other	7	10	(3)	-30 %
Total Music Publishing	488	470	18	4 %
Intersegment eliminations	(3)	(6)	3	-50 %
Total Revenues	$ 3,337	$ 3,351	$ (14)	— %
Revenue by Geographical Location				
U.S. Recorded Music	$ 1,191	$ 1,236	$ (45)	-4 %
U.S. Music Publishing	242	219	23	11 %
Total U.S.	1,433	1,455	(22)	-2 %
International Recorded Music	1,661	1,651	10	1 %
International Music Publishing	246	251	(5)	-2 %
Total International	1,907	1,902	5	— %
Intersegment eliminations	(3)	(6)	3	-50 %
Total Revenues	$ 3,337	$ 3,351	$ (14)	— %

Total Revenues

Total revenues decreased by $14 million to $3,337 million for the nine months ended June 30, 2020 from $3,351 million for the nine months ended June 30, 2019. The increase includes $44 million of unfavorable currency exchange fluctuations. Prior to intersegment eliminations, Recorded Music and Music Publishing revenues represented 85% and 15% of total revenues for the nine months ended June 30, 2020, respectively, and 86% and 14% of total revenues for the nine months ended June 30, 2019, respectively. Prior to intersegment eliminations, U.S. and international revenues represented 43% and 57% of total revenues for both the nine months ended June 30, 2020 and June 30, 2019, respectively.

Total digital revenues after intersegment eliminations increased by $189 million, or 10%, to $2,125 million for the nine months ended June 30, 2020 from $1,936 million for the nine months ended June 30, 2019. Total digital revenues represented 64% and 58% of consolidated revenues for the nine months ended June 30, 2020 and June 30, 2019, respectively. Prior to intersegment eliminations, total digital revenues for the nine months ended June 30, 2020 were comprised of U.S. revenues of $1,094 million and international revenues of $1,032 million, or 51% and 49% of total digital revenues, respectively. Prior to intersegment eliminations, total digital revenues for the nine months ended June 30, 2019 were comprised of U.S. revenues of $1,028 million and international revenues of $911 million, or 53% and 47% of total digital revenues, respectively.

Recorded Music revenues decreased by $35 million, or 1%, to $2,852 million for the nine months ended June 30, 2020 from $2,887 million for the nine months ended June 30, 2019. The decrease includes $36 million of unfavorable currency exchange fluctuations. U.S. Recorded Music revenues were $1,191 million and $1,236 million, or 42% and 43%, of consolidated Recorded Music revenues for the nine months ended June 30, 2020 and June 30, 2019, respectively. International Recorded Music revenues were $1,661 million and $1,651 million, or 58% and 57%, of consolidated Recorded Music revenues for the nine months ended June 30, 2020 and June 30, 2019, respectively.

The overall decrease in Recorded Music revenue was driven by decreases in physical, artist services and expanded-rights, and licensing revenue, partially offset by increases in digital revenue. Physical revenue decreased by $127 million primarily due to the continued shift from physical revenue to digital revenue, timing of releases, prior-year success of Johnny Hallyday, and impact of the COVID-19 business interruption resulting in lower physical sales. Artist services and expanded-rights revenue decreased by $31 million primarily due to timing of touring activity and the impact of COVID-19, which resulted in tour postponements and cancellations and decreased merchandising revenues. Licensing revenue decreased by $22 million primarily due to the impact of COVID-19, which resulted in lower advertising and deal activity. Digital revenue increased by $145 million as a result of the continued growth in streaming services and strength of releases, which included new releases from Roddy Ricch, YoungBoy Never Broke Again, and Dua Lipa as well as carryover success from Ed Sheeran, Tones and I, Lizzo, Cardi B, and Young Thug. Revenue from streaming services grew by $185 million to $1,764 million for the nine months ended June 30, 2020 from $1,579 million for the nine months ended June 30, 2019. Digital revenue growth was partially offset by digital download and other digital declines of $40 million to $125 million for the nine months ended June 30, 2020 from $165 million for the nine months ended June 30, 2019 due to the continued shift to streaming services.

Music Publishing revenues increased by $18 million, or 4%, to $488 million for the nine months ended June 30, 2020 from $470 million for the nine months ended June 30, 2019. U.S. Music Publishing revenues were $242 million and $219 million, or 50% and 47%, of consolidated Music Publishing revenues for the nine months ended June 30, 2020 and June 30, 2019, respectively. International Music Publishing revenues were $246 million and $251 million, or 50% and 53%, of Music Publishing revenues for the nine months ended June 30, 2020 and June 30, 2019, respectively.

The overall increase in Music Publishing revenue was mainly driven by increases in digital revenue of $42 million, partially offset by decreases in performance revenue of $21 million. The increase in digital revenue is primarily due to increases in streaming revenue driven by the continued growth in streaming services. The decline in performance revenue is primarily driven by the impact of COVID-19 and timing of distributions.

Revenue by Geographical Location

U.S. revenue decreased by $22 million, or 2%, to $1,433 million for the nine months ended June 30, 2020 from $1,455 million for the nine months ended June 30, 2019. U.S. Recorded Music revenue decreased by $45 million, or 4%. The primary driver was the decrease in U.S. Recorded Music physical revenue, which decreased by $57 million driven by general market decline, impact of COVID-19, and timing of releases, as well as a decrease of U.S. Recorded Music artist services and expanded-rights revenue of $30 million primarily due to the impact of COVID-19. Partially offsetting this decrease was an increase of U.S. Recorded Music digital revenue for $39 million driven by the continued growth in streaming services. Streaming revenue increased by $62 million, partially offset by $23 million of digital download and other digital declines. U.S. Music Publishing revenue increased by $23 million to $242 million for the nine months ended June 30, 2020 from $219 million for the nine months ended June 30, 2019. This was primarily driven by the increase in U.S. Music Publishing of $27 million in digital revenue due to the continued growth in streaming services, partially offset by decreases in performance revenue of $4 million.

International revenue increased by $5 million to $1,907 million for the nine months ended June 30, 2020 from $1,902 million for the nine months ended June 30, 2019. Excluding the unfavorable impact of foreign currency exchange rates, International revenue increased by $49 million or 3%. International Recorded Music revenue increased by $10 million primarily due to increases in digital revenue of $106 million, partially offset by decreases in physical revenue of $70 million and licensing revenue of $25 million. The increase in International Recorded Music digital revenue was due to continued growth in streaming services internationally, partially offset by a decline in digital downloads. International Recorded Music physical revenue decreased by $70 million due to the continued shift from physical revenue to digital revenue, impact of COVID-19, timing of releases, and the prior-year physical success of Johnny Hallyday. International Recorded Music licensing revenue decreased by $25 million primarily due to the impact of COVID-19 and higher broadcast fees in the prior year. International Music Publishing revenue decreased by $5 million, or 2%, to $246 million for the nine months ended June 30, 2020 from $251 million for the nine months ended June 30, 2019. This was primarily driven by decreases in performance revenue of $17 million due to the impact of COVID-19 and timing of distribution, other revenue of $3 million, and mechanical revenue of $2 million, partially offset by increases in digital revenue of $15 million and synchronization revenue of $2 million.

Our cost of revenues was composed of the following amounts (in millions):

	For the Nine Months Ended June 30,		2020 vs. 2019	
	2020	2019	$ Change	% Change
Artist and repertoire costs	$ 1,138	$ 1,145	$ (7)	-1 %
Product costs	589	617	(28)	-5 %
Total cost of revenues	$ 1,727	$ 1,762	$ (35)	-2 %

Artist and repertoire costs decreased by $7 million, to $1,138 million for the nine months ended June 30, 2020 from $1,145 million for the nine months ended June 30, 2019. Artist and repertoire costs as a percentage of revenue remained constant at 34% for both the nine months ended June 30, 2020 and June 30, 2019.

Product costs decreased by $28 million, to $589 million for the nine months ended June 30, 2020 from $617 million for the nine months ended June 30, 2019. Product costs as a percentage of revenue remained constant at 18% for the nine months ended June 30, 2020 and June 30, 2019.

Selling, general and administrative expenses

Our selling, general and administrative expenses were composed of the following amounts (in millions):

	For the Nine Months Ended June 30,		2020 vs. 2019	
	2020	2019	$ Change	% Change
General and administrative expense (1)	$ 1,240	$ 542	$ 698	— %
Selling and marketing expense	472	472	—	— %
Distribution expense	74	88	(14)	-16 %
Total selling, general and administrative expense	$ 1,786	$ 1,102	$ 684	62 %

(1) Includes depreciation expense of $53 million and $43 million for the nine months ended June 30, 2020 and June 30, 2019, respectively.

Total selling, general and administrative expense increased by $684 million, or 62%, to $1,786 million for the nine months ended June 30, 2020 from $1,102 million for the nine months ended June 30, 2019. Expressed as a percentage of revenue, selling, general and administrative expense increased to 54% for the nine months ended June 30, 2020 from 33% for the nine months ended June 30, 2019. This is primarily due to the increased expense associated with non-cash stock-based compensation expense of $572 million, the management agreement termination fee and IPO related expenses totaling $90 million and a one-time charge within depreciation expense of $10 million. Excluding non-cash stock-based compensation expense, the management agreement termination fee and IPO related expenses, and one-time charge within depreciation expense, selling, general and administrative expense as a percentage of revenue increased to 33% for the nine months ended June 30, 2020 from 32% for the nine months ended June 30, 2019.

General and administrative expense increased by $698 million to $1,240 million for the nine months ended June 30, 2020 from $542 million for the nine months ended June 30, 2019. The increase in general and administrative expense was mainly due to higher expense associated with non-cash stock-based compensation expense of $572 million, the management agreement termination fee and IPO related expenses totaling $90 million, a one-time charge within depreciation expense of $10 million, increases in bad debt provisions of $3 million associated with COVID-19 related physical distribution business disruptions and costs associated with transformation initiatives of $22 million. Expressed as a percentage of revenue, general and administrative expense increased to 37% for the nine months ended June 30, 2020 from 16% for the nine months ended June 30, 2019. Excluding non-cash stock-based compensation expense, the management agreement termination fee and IPO related expenses, and the one-time charge within depreciation expense, general and administrative expense as a percentage of revenue increased to 16% for the nine months ended June 30, 2020 from 15% for the nine months ended June 30, 2019 due to the factors described above.

Selling and marketing expense remained flat at $472 million for both the nine months ended June 30, 2020 and June 30, 2019. Expressed as a percentage of revenue, selling and marketing expense remained flat at 14% for both the nine months ended June 30, 2020 and June 30, 2019.

Distribution expense was $74 million for the nine months ended June 30, 2020 and $88 million for the nine months ended June 30, 2019. Expressed as a percentage of revenue, distribution expense decreased to 2% for the nine months ended June 30, 2020 from 3% for the nine months ended June 30, 2019. The decrease in distribution costs is due to revenue mix.

Reconciliation of Net Income Attributable to Warner Music Group Corp. and Operating Income to Consolidated OIBDA

As previously described, we use OIBDA as our primary measure of financial performance. The following table reconciles operating income to OIBDA, and further provides the components from net income attributable to Warner Music Group Corp. to operating income for purposes of the discussion that follows (in millions):

	For the Nine Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Net (loss) income attributable to Warner Music Group Corp.	$ (474)	$ 166	$ (640)	— %
Income attributable to noncontrolling interest	3	1	2	— %
Net (loss) income	(471)	167	(638)	— %
Income tax expense	44	86	(42)	-49 %
(Loss) income before income taxes	(427)	253	(680)	— %
Other expense (income)	12	(41)	53	— %
Interest expense, net	98	108	(10)	-9 %
Loss on extinguishment of debt	—	7	(7)	-100 %
Operating (loss) income	(317)	327	(644)	— %
Amortization expense	141	160	(19)	-12 %
Depreciation expense	53	43	10	23 %
OIBDA	$ (123)	$ 530	$ (653)	— %

OIBDA

OIBDA decreased by $653 million to a loss of $123 million for the nine months ended June 30, 2020 as compared to income of $530 million for the nine months ended June 30, 2019 as a result of higher selling, general and administrative expenses. Expressed as a percentage of total revenue, OIBDA margin decreased to (4)% for the nine months ended June 30, 2020 from 16% for the nine months ended June 30, 2019. Excluding non-cash stock-based compensation expense, the management agreement termination fee and IPO related expenses, as a percentage of total revenue, OIBDA margin remained constant at 17% for both the nine months ended June 30, 2020 and June 30, 2019.

Amortization expense

Our amortization expense decreased by $19 million, or 12%, to $141 million for the nine months ended June 30, 2020 from $160 million for the nine months ended June 30, 2019. The decrease is primarily due to certain intangible assets becoming fully amortized.

Operating (loss) income

Our operating (loss) income decreased by $644 million to operating loss of $317 million for the nine months ended June 30, 2020 from operating income of $327 million for the nine months ended June 30, 2019. The decrease in operating income was due to the factors that led to the decrease in OIBDA.

Loss on extinguishment of debt

There was no loss on extinguishment of debt for the nine months ended June 30, 2020. We recorded a loss on extinguishment of debt in the amount of $7 million for the nine months ended June 30, 2019, which represents the unamortized deferred financing costs related to the partial redemption of the 4.125% Senior Secured Notes and 5.625% Senior Secured Notes, and the open market purchases of the 4.875% Senior Secured Notes.

Interest expense, net

Our interest expense, net, decreased to $98 million for the nine months ended June 30, 2020 from $108 million for the nine months ended June 30, 2019 due to a decline in LIBOR rates as well as lower interest rates resulting from the redemption of the 5.625% Senior Secured Notes and issuance of the 3.625% Senior Secured Notes.

Other expense (income)

Other expense (income) for the nine months ended June 30, 2020 primarily includes the loss on our Euro-denominated debt of $22 million, $6 million relating to a loss on investments, and $2 million unrealized loss on hedging activity, partially offset by currency exchange gains on our intercompany loans of $14 million and unrealized gain of $4 million on the mark-to-market of an equity method investment. This compares to an unrealized gain of $25 million on the mark-to-market of an equity method investment, foreign currency gains on our Euro-denominated debt of $10 million, and $4 million unrealized gains on hedging activity for the nine months ended June 30, 2019.

Income tax expense

Our income tax expense decreased by $42 million to $44 million for the nine months ended June 30, 2020 from $86 million for the nine months ended June 30, 2019. The change of $42 million in income tax expense primarily relates to the release of a valuation allowance on foreign tax credits of $33 million during the nine months ended June 30, 2020.

Net (loss) income

Net (loss) income decreased by $638 million to net loss of $471 million for the nine months ended June 30, 2020 from net income of $167 million for the nine months ended June 30, 2019 as a result of the factors described above.

Noncontrolling interest

There was $3 million of income attributable to noncontrolling interest for the nine months ended June 30, 2020 and $1 million of income attributable to noncontrolling interest for the nine months ended June 30, 2019.

Business Segment Results

Revenues, operating income (loss) and OIBDA by business segment were as follows (in millions):

	For the Nine Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Recorded Music				
Revenues	$ 2,852	$ 2,887	$ (35)	-1 %
Operating income	67	382	(315)	-82 %
OIBDA	198	522	(324)	-62 %
Music Publishing				
Revenues	488	470	18	4 %
Operating income	58	67	(9)	-13 %
OIBDA	114	122	(8)	-7 %
Corporate expenses and eliminations				
Revenue eliminations	(3)	(6)	3	-50 %
Operating loss	(442)	(122)	(320)	— %
OIBDA loss	(435)	(114)	(321)	— %
Total				
Revenues	3,337	3,351	(14)	— %
Operating (loss) income	(317)	327	(644)	— %
OIBDA	(123)	530	(653)	— %

Recorded Music

Revenues

Recorded Music revenue decreased by $35 million, or 1%, to $2,852 million for the nine months ended June 30, 2020 from $2,887 million for the nine months ended June 30, 2019. U.S. Recorded Music revenues were $1,191 million and $1,236 million, or 42% and 43%, of consolidated Recorded Music revenues for the nine months ended June 30, 2020 and June 30, 2019, respectively. International Recorded Music revenues were $1,661 million and $1,651 million, or 58% and 57%, of consolidated Recorded Music revenues for the nine months ended June 30, 2020 and June 30, 2019, respectively.

The overall decrease in Recorded Music revenue was mainly driven by decreases in physical, artist services and expanded-rights, and licensing revenue, partially offset by streaming revenue growth as described in the “Total Revenues” and “Revenue by Geographical Location” sections above.

Cost of revenues

Recorded Music cost of revenues was composed of the following amounts (in millions)

	For the Nine Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Artist and repertoire costs	$ 829	$ 857	$ (28)	-3 %
Product costs	589	617	(28)	-5 %
Total cost of revenues	$ 1,418	$ 1,474	$ (56)	-4 %

Recorded Music cost of revenues decreased by $56 million, or 4%, to $1,418 million for the nine months ended June 30, 2020 from $1,474 million for the nine months ended June 30, 2019. Expressed as a percentage of Recorded Music revenue, Recorded Music artist and repertoire costs decreased to 29% for the nine months ended June 30, 2020 from 30% for the nine months ended June 30, 2019. The decrease is primarily attributable to lower artist-related costs, including a decrease in spending resulting from the impact of COVID-19. Expressed as a percentage of Recorded Music revenue, Recorded Music product costs remained constant at 21% for both the nine months ended June 30, 2020 and June 30, 2019.

Selling, general and administrative expense

Recorded Music selling, general and administrative expenses were composed of the following amounts (in millions):

	For the Nine Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
General and administrative expense (1)	$ 741	$ 371	$ 370	100 %
Selling and marketing expense	463	463	—	— %
Distribution expense	74	88	(14)	-16 %
Total selling, general and administrative expense	$ 1,278	$ 922	$ 356	39 %

(1) Includes depreciation expense of $42 million and $31 million for the nine months ended June 30, 2020 and June 30, 2019, respectively.

Recorded Music selling, general and administrative expense increased by $356 million, or 39%, to $1,278 million for the nine months ended June 30, 2020 from $922 million for the nine months ended June 30, 2019. The increase in general and administrative expense was primarily due to higher non-cash stock-based compensation expense of $364 million and a one-time charge within depreciation expense of $10 million, increases in bad debt provisions of $3 million associated with COVID-19 related physical distribution business disruptions partially offset by decrease in restructuring costs and lower overhead from cost control efforts. The decrease in distribution expense was primarily due to revenue mix. Expressed as a percentage of Recorded Music revenue, Recorded Music selling, general and administrative expense increased to 45% for the nine months ended June 30, 2020 from 32% for the nine months ended June 30, 2019. Excluding non-cash stock-based compensation expense and the one-time charge within depreciation expense, selling, general and administrative expense as a percentage of Recorded Music revenue remained flat at 31% for both the nine months ended June 30, 2020 and June 30, 2019.

Operating income and OIBDA

Recorded Music OIBDA included the following amounts (in millions):

	For the Nine Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Operating income	$ 67	$ 382	$ (315)	-82 %
Depreciation and amortization	131	140	(9)	-6 %
OIBDA	$ 198	$ 522	$ (324)	-62 %

Recorded Music OIBDA decreased by $324 million, or 62%, to $198 million for the nine months ended June 30, 2020 from $522 million for the nine months ended June 30, 2019 as a result of higher general and administrative expenses. Expressed as a percentage of Recorded Music revenue, Recorded Music OIBDA margin decreased to 7% for the nine months ended June 30, 2020 from 18% for the nine months ended June 30, 2019. Excluding non-cash stock-based compensation expense, OIBDA, as a percentage of Recorded Music revenue, increased to 20% for the nine months ended June 30, 2020 from 19% for the nine months ended June 30, 2019.

Recorded Music operating income decreased by $315 million to $67 million for the nine months ended June 30, 2020 from $382 million for the nine months ended June 30, 2019 due to factors within the Recorded Music OIBDA decrease noted above. Excluding non-cash stock-based compensation expense and the one-time charge within depreciation expense, Recorded Music operating income increased $59 million due to lower total cost of revenues, depreciation and amortization expense, distribution expense, and general and administrative expense within the quarter.

Music Publishing

Revenues

Music Publishing revenues increased by $18 million, or 4%, to $488 million for the nine months ended June 30, 2020 from $470 million for the nine months ended June 30, 2019. U.S. Music Publishing revenues were $242 million and $219 million, or 50% and 47%, of consolidated Music Publishing revenues for the nine months ended June 30, 2020 and June 30, 2019, respectively. International Music Publishing revenues were $246 million and $251 million, or 50% and 53%, of consolidated Music Publishing revenues for the nine months ended June 30, 2020 and June 30, 2019, respectively.

The overall increase in Music Publishing revenue was mainly driven by streaming revenue growth, partially offset by lower performance revenues as described in the “Total Revenues” and “Revenue by Geographical Location” sections above.

Cost of revenues

Music Publishing cost of revenues were composed of the following amounts (in millions):

	For the Nine Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Artist and repertoire costs	$ 312	$ 294	$ 18	6 %
Total cost of revenues	$ 312	$ 294	$ 18	6 %

Music Publishing cost of revenues increased by $18 million, or 6%, to $312 million for the nine months ended June 30, 2020 from $294 million for the nine months ended June 30, 2019. Expressed as a percentage of Music Publishing revenue, Music Publishing cost of revenues increased to 64% for the nine months ended June 30, 2020 from 63% for the nine months ended June 30, 2019, primarily due to revenue mix and timing of artist and repertoire investments.

Selling, general and administrative expense

Music Publishing selling, general and administrative expenses were comprised of the following amounts (in millions):

	For the Nine Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
General and administrative expense (1)	$ 65	$ 56	$ 9	16 %
Selling and marketing expense	1	2	(1)	-50 %
Total selling, general and administrative expense	$ 66	$ 58	$ 8	14 %

(1) Includes depreciation expense of $4 million for both the nine months ended June 30, 2020 and June 30, 2019.

Music Publishing selling, general and administrative expense increased to $66 million for the nine months ended June 30, 2020 from $58 million for the nine months ended June 30, 2019 due to higher employee-related and restructuring costs. Expressed as a percentage of Music Publishing revenue, Music Publishing selling, general and administrative expense increased to 14% for the nine months ended June 30, 2020 from 12% for the nine months ended June 30, 2019 due to factors described above.

Operating income and OIBDA

Music Publishing OIBDA included the following amounts (in millions):

	For the Nine Months Ended June 30,		*2020 vs. 2019*	
	2020	**2019**	**$ Change**	**% Change**
Operating income	$ 58	$ 67	$ (9)	-13 %
Depreciation and amortization	56	55	1	2 %
OIBDA	$ 114	$ 122	$ (8)	-7 %

Music Publishing OIBDA decreased by $8 million, or 7%, to $114 million for the nine months ended June 30, 2020 from $122 million for the nine months ended June 30, 2019. Expressed as a percentage of Music Publishing revenue, Music Publishing OIBDA margin decreased to 23% for the nine months ended June 30, 2020 from 26% for the nine months ended June 30, 2019. The decrease was primarily due to higher artist and repertoire and general and administrative expenses.

Music Publishing operating income decreased by $9 million to $58 million for the nine months ended June 30, 2020 from $67 million operating income for the nine months ended June 30, 2019 largely due to the factors that led to the decrease in Music Publishing OIBDA noted above.

Corporate Expenses and Eliminations

Our operating loss from corporate expenses and eliminations increased by $320 million to $442 million for the nine months ended June 30, 2020 from $122 million for the nine months ended June 30, 2019 which primarily includes an increase in non-cash stock-based compensation expense of $208 million, the management agreement termination fee and IPO related expenses totaling $90 million, and higher costs related to transformation initiatives of $22 million.

Our OIBDA loss from corporate expenses and eliminations increased by $321 million to $435 million for the nine months ended June 30, 2020 from $114 million for the nine months ended June 30, 2019 due to the operating loss factors noted above.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition at June 30, 2020

At June 30, 2020, we had $3.000 billion of debt (which is net of $23 million of deferred financing costs), $532 million of cash and equivalents (net debt of $2.468 billion, defined as total debt, less cash and equivalents and deferred financing costs) and $38 million of Warner Music Group Corp. deficit. This compares to $2.974 billion of debt (which is net of $29 million of deferred financing costs), $619 million of cash and equivalents (net debt of $2.355 billion) and $289 million of Warner Music Group Corp. deficit at September 30, 2019.

Cash Flows

The following table summarizes our historical cash flows (in millions). The financial data for the nine months ended June 30, 2020 and June 30, 2019 are unaudited and have been derived from our interim financial statements included elsewhere herein.

	For the Nine Months Ended June 30,	
	2020	2019
Cash provided by (used in):		
Operating activities	$ 287	$ 249
Investing activities	(87)	(340)
Financing activities	(288)	119

Operating Activities

Cash provided by operating activities was $287 million for the nine months ended June 30, 2020 as compared with cash provided by operating activities of $249 million for the nine months ended June 30, 2019. The $38 million increase in cash provided by operating activities was primarily due to timing of working capital partially offset by higher cash taxes.

Investing Activities

Cash used in investing activities was $87 million for the nine months ended June 30, 2020 as compared with cash used in investing activities of $340 million for the nine months ended June 30, 2019. The $87 million of cash used in investing activities in the nine months ended June 30, 2020 consisted of $11 million relating to investments, $48 million relating to capital expenditures and $28 million to acquire music publishing rights and recorded music catalogs. The $340 million of cash used in investing activities in the nine months ended June 30, 2019 consisted of $183 million relating to the acquisition of EMP, net of cash and equivalents acquired, $47 million relating to the acquisition of equity investments, $82 million relating to capital expenditure and $24 million to acquire music publishing rights.

Financing Activities

Cash used in financing activities was $288 million for the nine months ended June 30, 2020 as compared with cash provided by financing activities of $119 million for the nine months ended June 30, 2019. The $288 million of cash used in financing activities for the nine months ended June 30, 2020 consisted of dividends paid of $281 million, distributions to noncontrolling interest holders of $6 million and deferred financing costs of $1 million. The $119 million of cash provided by financing activities for the nine months ended June 30, 2019 consisted of proceeds of $514 million from the issuance of Acquisition Corp.'s 3.625% Senior Secured Notes due 2026 partially offset by deferred financing costs paid of $7 million, the repayment of Acquisition Corp.'s 5.625% Senior Secured Notes due 2022 of $247 million including call premiums paid of $5 million, partial repayment of Acquisition Corp.'s 4.125% Senior Secured Notes due 2024 of $40 million and 4.875% Senior Secured Notes due 2024 of $30 million, for an aggregate $185 million, dividends paid of $63 million and distributions to noncontrolling interest holders of $3 million.

Liquidity

Our primary sources of liquidity are the cash flows generated from our subsidiaries' operations, available cash and equivalents and funds available for drawing under our Revolving Credit Facility. These sources of liquidity are needed to fund our debt service requirements, working capital requirements, capital expenditure requirements, strategic acquisitions and investments, and dividends, prepayments of debt, repurchases or retirement of our outstanding debt or notes or repurchases of our outstanding equity securities in open market purchases, privately negotiated purchases or otherwise, we may elect to pay or make in the future.

We believe that our primary sources of liquidity will be sufficient to support our existing operations over the next twelve months.

In August 2019, we announced that we were beginning a financial transformation initiative to upgrade our information technology and finance infrastructure over the next two years, including related systems and processes, for which we currently expect upfront costs to be approximately $120 million, which includes capital expenditures of approximately $40 million to $50 million (approximately half of which is expected to be incurred in the 2020 fiscal year and the remainder of which is expected to be incurred in the 2021 fiscal year). There has been a slight delay in the timing of the transformation initiative as a result of COVID-19 but it is still expected to be completed over the next two years. Annualized run-rate savings from the financial transformation initiative are expected to be between approximately $35 million and $40 million once fully implemented. We expect that our primary sources of liquidity will be sufficient to fund these expenditures.

Debt Capital Structure

Since Access acquired us in 2011, we have sought to extend the maturity dates on our outstanding indebtedness, reduce interest expense and improve our debt ratings. For example, our S&P corporate credit rating has improved from B in 2017 to BB- in 2019. On February 20, 2020, S&P upgraded the outlook on our corporate credit rating from stable to positive. Additionally, on June 16, 2020, S&P further upgraded our S&P corporate credit rating from BB- to BB with a stable outlook. Our Moody's corporate family rating has improved from B1 in 2016 to Ba3 in 2020. In addition, our weighted-average interest rate on our outstanding indebtedness has decreased from 10.5% in 2011 to 4.0% as of June 30, 2020. Our nearest-term maturity date is in 2026 after our June 2020 debt refinancing (as described below) which further reduced our weighted-average interest rate to 3.6%. Subject to market conditions, we expect to continue to take opportunistic steps to extend our maturity dates and reduce related interest expense. From time to time, we may incur additional indebtedness for, among other things, working capital, repurchasing, redeeming or tendering for existing indebtedness and acquisitions or other strategic transactions.

3.875% Senior Secured Notes and 2.750% Senior Secured Notes Offerings

On June 29, 2020, Acquisition Corp. issued and sold $535 million in aggregate principal amount of 3.875% Senior Secured Notes due 2030 (the "3.875% Senior Secured Notes") and €325 million in aggregate principal amount of 2.750% Senior Secured Notes due 2028 (the "2.750% Senior Secured Notes"). Net proceeds of the offerings were used to redeem €311 million of the 4.125% Senior Secured Notes due 2024 (the "4.125% Senior Secured Notes") and $220 million of the 4.875% Senior Secured Notes due 2024 (the "4.875% Senior Secured Notes"), constituting the redemption of all of the outstanding aggregate principal amount of the 4.125% Senior Secured Notes and the 4.875% Senior Secured Notes, and the remaining proceeds were used towards the tender offer for $300 million aggregate principal amount of 5.000% Senior Secured Notes due 2023 (the "5.000% Senior Secured Notes"), $244 million of which was tendered and accepted on June 29, 2020 and $295,000 of which was tendered and accepted on July 14, 2020. The remainder of the 5.000% Senior Secured Notes not tendered in the tender offer were redeemed on August 1, 2020.

Interest on the 3.875% Senior Secured Notes will accrue at the rate of 3.875% per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on January 15, 2021. Interest on the 2.750% Senior Secured Notes will accrue at the rate of 2.750% per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on January 15, 2021.

The 3.875% Senior Secured Notes and the 2.750% Senior Secured Notes are fully and unconditionally guaranteed on a senior secured basis by each of Acquisition Corp.'s existing direct or indirect wholly-owned domestic restricted subsidiaries and by any such subsidiaries that guarantee obligations of Acquisition Corp. under its existing credit facilities, subject to customary exceptions.

The indentures governing the 3.875% Senior Secured Notes and the 2.750% Senior Secured Notes (collectively, the "New Secured Notes Indenture") do not contain many of the restrictive covenants, certain events of default and other related provisions contained in the indentures previously governing the 4.125% Senior Secured Notes and 4.875% Senior Secured Notes. The New Secured Notes Indenture contains covenants limiting, among other things, Acquisition Corp.'s ability and the ability of most of its subsidiaries to create liens and consolidate, merge, sell or otherwise dispose of all or substantially all of its assets.

Revolving Credit Facility

On January 31, 2018, Acquisition Corp. entered into the revolving credit agreement (as amended by the amendment dated October 9, 2019 and as further amended, amended and restated or otherwise modified from time to time, the "Revolving Credit Agreement") for a senior secured revolving credit facility with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto (the "Revolving Credit Facility"). On April 3, 2020, Acquisition Corp. entered into an amendment to the Revolving Credit Agreement (the "Second Amendment") which, among other things, extended the final maturity of the Revolving Credit Facility from January 31, 2023 to April 3, 2025. For a more detailed description of the changes effected by the Second Amendment, see Note 8 to our unaudited interim consolidated financial statements for the three and nine months ended June 30, 2020, included in Part I to this Quarterly Report.

Acquisition Corp. is the borrower under the Revolving Credit Agreement which provides for a revolving credit facility in the amount of up to $300 million and includes a $90 million letter of credit sub-facility. Amounts are available under the Revolving Credit Facility in U.S. dollars, euros or pounds sterling. The Revolving Credit Agreement permits loans for general corporate purposes and may also be utilized to issue letters of credit. Borrowings under the Revolving Credit Agreement bear interest at Acquisition Corp.'s election at a rate equal to (i) the rate for deposits in the borrowing currency in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Revolving LIBOR") plus 1.875% per annum, or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent from time to time, (y) the overnight federal funds rate plus 0.5% and (z) the one-month Revolving LIBOR plus 1.00% per annum, plus, in each case, 0.875% per annum; provided that, for each of clauses (i) and (ii), the applicable margin with respect to such loans is subject to adjustment upon achievement of certain leverage ratios as set forth in a leverage-based pricing grid in the Revolving Credit Agreement. Based on the Senior Secured Indebtedness to EBITDA Ratio of 3.11x at June 30, 2020, the applicable margin for Eurodollar loans would be 1.625% instead of 1.875% and the applicable margin for ABR loans would be 0.625% instead of 0.875% in the case of 2020 Revolving Loans.

Existing Debt as of June 30, 2020

As of June 30, 2020, our long-term debt, all of which was issued by Acquisition Corp., was as follows (in millions):

Revolving Credit Facility (a)	$	—
Senior Term Loan Facility due 2023 (b)		1,315
5.000% Senior Secured Notes due 2023 (c)		298
4.125% Senior Secured Notes due 2024 (d)		346
4.875% Senior Secured Notes due 2024 (e)		218
3.625% Senior Secured Notes due 2026 (f)		501
5.500% Senior Notes due 2026 (g)		322
Total long-term debt, including the current portion (h)	$	3,000

(a) Reflects $300 million of commitments under the Revolving Credit Facility available at June 30, 2020, less letters of credit outstanding of approximately $13 million at June 30, 2020. There were no loans outstanding under the Revolving Credit Facility at June 30, 2020. On April 3, 2020, Acquisition Corp. entered into an amendment to the Revolving Credit Facility which, among other things, increased the commitments under the Revolving Credit Facility from an aggregate principal amount of $180 million to an aggregate principal amount of $300 million.

(b) Principal amount of $1.326 billion less unamortized discount of $3 million and unamortized deferred financing costs of $8 million at June 30, 2020.

(c) Principal amount of $300 million less unamortized deferred financing costs of $2 million at June 30, 2020. On June 16, 2020, Acquisition Corp. announced a cash tender offer to purchase any and all of the 5.000% Senior Secured Notes. On June 30, 2020, Acquisition Corp. announced that $244 million of the aggregate principal amount outstanding had tendered and been accepted in the tender offer. Also on June 30, 2020, Acquisition Corp. issued a notice of redemption calling the remaining outstanding 5.000% Senior Secured Notes not tendered in the tender offer. An additional $295,000 was accepted in the tender offer on July 14, 2020 and the remainder of the 5.000% Senior Secured Notes were redeemed on August 1, 2020. See Note 15 to our unaudited interim consolidated financial statements included in Part I to this Quarterly Report.

(d) Face amount of €311 million. Above amount represents the dollar equivalent of such note at June 30, 2020. Principal amount of $349 million less unamortized deferred financing costs of $3 million at June 30, 2020. On June 30, 2020, Acquisition Corp. redeemed all of the outstanding aggregate principal amount, or €311 million, of the 4.125% Senior Secured Notes. See Note 15 to our unaudited interim consolidated financial statements included in Part I to this Quarterly Report.

(e) Principal amount of $220 million less unamortized deferred financing costs of $2 million at June 30, 2020. On June 30, 2020, Acquisition Corp. redeemed all of the outstanding aggregate principal amount, or $220 million, of the 4.875% Senior Secured Notes. See Note 15 to our unaudited interim consolidated financial statements included in Part I to this Quarterly Report.

(f) Face amount of €445 million at June 30, 2020. Above amount represents the dollar equivalent of such note at June 30, 2020. Principal amount of $499 million, an additional issuance premium of $7 million, less unamortized deferred financing costs of $5 million at June 30, 2020.

(g) Principal amount of $325 million less unamortized deferred financing costs of $3 million at June 30, 2020.

(h) Principal amount of debt of $3.019 billion, an additional issuance premium of $7 million, less unamortized discount of $3 million and unamortized deferred financing costs of $23 million at June 30, 2020.

For further discussion of our debt agreements, see "Liquidity" in the "Financial Condition and Liquidity" section of our Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

Dividends

The Company's ability to pay dividends may be restricted by covenants in certain of the indentures governing its notes and in the credit agreements for the Senior Term Loan Facility and the Revolving Credit Facility.

In the first quarter of fiscal year 2019, the Company instituted a regular quarterly dividend policy whereby it intended to pay a modest regular quarterly dividend in each of the first three fiscal quarters and a variable dividend for the fourth fiscal quarter in an amount commensurate with cash expected to be generated from operations in such fiscal year, in each case, after taking into account other potential uses for cash, including acquisitions, investment in our business and repayment of indebtedness. In connection with the IPO, the Company amended its dividend policy whereby it intends to pay quarterly cash dividends of $0.12 per share to holders of its Class A Common Stock and Class B Common Stock. The Company expects to pay the first dividend under this policy in September 2020. The declaration of each dividend will continue to be at the discretion of the Company's board of directors and will depend on the Company's financial condition, earnings, liquidity and capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends, restrictions imposed by Delaware law, general business conditions and any other factors that the Company's board of directors deems relevant in making such a determination. Therefore, there can be no assurance that the Company will pay any dividends to holders of the Company's common stock, or as to the amount of any such dividends.

Prior to the completion of the IPO, the Company's board of directors declared cash dividends to common stockholders of $37.5 million on each of December 16, 2019 and March 25, 2020, $206 million on September 23, 2019, and $31.25 million on June 28, 2019. Dividends were recorded as an accrual as of the end of periods in which they were declared and paid to stockholders in the quarterly reporting period subsequent to declaration.

Covenant Compliance

The Company was in compliance with its covenants under its outstanding notes, the Revolving Credit Facility and the Senior Term Loan Facility as of June 30, 2020. With respect to the Revolving Credit Facility, the discussion below now reflects the covenants in effect under the Second Amendment, dated as of April 3, 2020.

On January 18, 2019, we delivered a notice to the administrative agent under the Senior Term Loan Facility and the trustee under the indentures governing each of the Senior Notes and the Secured Notes changing the Fixed GAAP Date, as defined under each such facility and the indentures, to October 1, 2018. Under the Revolving Credit Facility, the Fixed GAAP Date is set for April 3, 2020, other than in respect of capital leases, which are frozen at November 1, 2012.

The Revolving Credit Facility contains a springing leverage ratio that is tied to a ratio based on EBITDA, which is defined under the Revolving Credit Agreement. Our ability to borrow funds under the Revolving Credit Facility may depend upon our ability to meet the leverage ratio test at the end of a fiscal quarter to the extent we have drawn a certain amount of revolving loans. EBITDA as defined in the Revolving Credit Facility is based on Consolidated Net Income (as defined in the Revolving Credit Facility), both of which terms differ from the terms "EBITDA" and "net income" as they are commonly used. For example, the calculation of EBITDA under the Revolving Credit Facility, in addition to adjusting net income to exclude interest expense, income taxes and depreciation and amortization, also adjusts net income by excluding items or expenses such as, among other items, (1) the amount of any restructuring charges or reserves; (2) any non-cash charges (including any impairment charges); (3) any net loss resulting from hedging currency exchange risks; (4) the amount of management, monitoring, consulting and advisory fees paid to Access; (5) business optimization expenses (including consolidation initiatives, severance costs and other costs relating to initiatives aimed at profitability improvement); (6) transaction expenses; (7) equity-based compensation expense; and (8) certain extraordinary, unusual or non-recurring items. The definition of EBITDA under the Revolving Credit Facility also includes adjustments for the pro forma impact of certain projected cost savings, operating expense reductions and synergies and any quality of earnings analysis prepared by independent certified public accountants in connection with an acquisition, merger, consolidation or other investment. The indentures governing our notes and the Senior Term Loan Facility use financial measures called "Consolidated EBITDA" or "EBITDA" and "Consolidated Net Income", that have similar (but not identical) definitions to EBITDA and Consolidated Net Income, each as defined under the Revolving Credit Agreement.

EBITDA as defined in the Revolving Credit Facility (referred to in this section as "Adjusted EBITDA") is presented herein because it is a material component of the leverage ratio contained in the Revolving Credit Agreement. Non-compliance with the leverage ratio could result in the inability to use the Revolving Credit Facility, which could have a material adverse effect on our results of operations, financial position and cash flow. Adjusted EBITDA does not represent net income or cash from operating activities as those terms are defined by U.S. GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. While Adjusted EBITDA and similar measures are frequently used as measures of operations and the ability to meet debt service requirements, these terms are not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation. Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters that we may consider not to be indicative of our ongoing operations. In particular, the definition of Adjusted EBITDA in

the Revolving Credit Agreement allows us to add back certain non-cash, extraordinary, unusual or non-recurring charges that are deducted in calculating net income. However, these are expenses that may recur, vary greatly and are difficult to predict.

Adjusted EBITDA as presented below should not be used by investors as an indicator of performance for any future period. Further, our debt instruments require that it be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four quarter period or any complete fiscal year. In addition, our debt instruments require that the leverage ratio be calculated on a pro forma basis for certain transactions including acquisitions as if such transactions had occurred on the first date of the measurement period and may include expected cost savings and synergies resulting from or related to any such transaction. There can be no assurances that any such cost savings or synergies will be achieved in full.

In addition, Adjusted EBITDA is a key measure used by our management to understand and evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of those limitations include: (1) it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenue for our business; (2) it does not reflect the significant interest expense or cash requirements necessary to service interest or principal payments on our indebtedness; and (3) it does not reflect every cash expenditure, future requirements for capital expenditures or contractual commitments. In particular, this measure adds back certain non-cash, extraordinary, unusual or non-recurring charges that are deducted in calculating net income; however, these are expenses that may recur, vary greatly and are difficult to predict. In addition, Adjusted EBITDA is not the same as net income or cash flow provided by operating activities as those terms are defined by U.S. GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. Accordingly, Adjusted EBITDA should be considered in addition to, not as a substitute for, net income (loss) and other measures of financial performance reported in accordance with U.S. GAAP.

The following is a reconciliation of net income, which is a U.S. GAAP measure of our operating results, to Adjusted EBITDA as defined, for the most recently ended four fiscal quarters, or the twelve months ended June 30, 2020, for the twelve months ended June 30, 2019 and for the three months ended June 30, 2020 and June 30, 2019. In addition, the reconciliation includes the calculation of the Senior Secured Indebtedness to Adjusted EBITDA ratio, which we refer to as the Leverage Ratio, under the Revolving Credit Agreement for the most recently ended four fiscal quarters, or the twelve months ended June 30, 2020. The terms and related calculations are defined in the Revolving Credit Agreement. All amounts in the reconciliation below reflect Acquisition Corp. (in millions, except ratios):

	For the Twelve Months Ended June 30,		For the Three Months Ended June 30,	
	2020	2019	2020	2019
Net (Loss) Income	$ (380)	$ 154	$ (519)	$ 14
Income tax (benefit) expense	(33)	84	51	(12)
Interest expense, net	132	141	32	36
Depreciation and amortization	260	260	62	66
Loss on extinguishment of debt (a)	—	7	—	4
Net gain on divestitures and sale of securities (b)	(2)	(3)	—	—
Restructuring costs (c)	22	43	6	9
Net hedging and foreign exchange (gains) losses (d)	(17)	(11)	15	14
Management fees (e)	25	17	17	3
Transaction costs (f)	77	3	73	—
Business optimization expenses (g)	42	19	10	5
Non-cash stock-based compensation expense (h)	622	38	440	14
Other non-cash charges (i)	21	(25)	(12)	6
Pro forma impact of cost savings initiatives and specified transactions (j)	16	8	14	—
Adjusted EBITDA	**$ 785**	**$ 735**	**$ 189**	**$ 159**
Senior Secured Indebtedness (k)	**$ 2,444**			
Leverage Ratio (l)	**3.11x**			

(a) For the twelve months ended June 30, 2019, reflects net loss incurred on the early extinguishment of our debt incurred as part of the October 2018 partial redemption of 4.125% Secured Notes, the October 2018 open market purchase of our 4.875% Senior Secured Notes, the November 2018 partial redemption of 5.625% Secured Notes and the May 2019 redemption of the

remaining 5.625% Secured Notes. For the three months ended June 30, 2019, reflects net loss incurred on the early extinguishment of our debt incurred as part of the May 2019 redemption of the remaining 5.625% Secured Notes.

(b) For the twelve months ended June 30, 2020 and June 30, 2019, reflects net gain on sale of securities and divestitures.

(c) Reflects severance costs and other restructuring related expenses.

(d) Reflects (gains) losses from hedging activities and unrealized (gains) losses due to foreign exchange on our Euro-denominated debt and intercompany transactions.

(e) Reflects management fees and related expenses paid to Access. For the three and twelve months ended June 30, 2020, amounts include a one-time fee of $13 million related to termination of the management agreement with Access. Prior to termination of the management agreement, the annual fee was equal to the greater of a base amount of approximately $9 million and 1.5% of Adjusted EBITDA. Refer to Note 13 of our unaudited interim consolidated financial statements included in Part I to this Quarterly Report for further discussion.

(f) Reflects expenses related to transaction costs, which includes qualifying IPO costs of $73 million and $77 million for the three and twelve months ended June 30, 2020, respectively.

(g) Reflects costs associated with our transformation initiatives and IT system updates, which includes costs of $6 million and $33 million related to our finance transformation for the three and twelve months ended June 30, 2020, respectively, as well as $4 million and $12 million for the three and twelve months ended June 30, 2019, respectively.

(h) Reflects non-cash stock-based compensation expense related to the Warner Music Group Corp. Senior Management Free Cash Flow Plan.

(i) Reflects non-cash activity, including the unrealized losses (gains) on the mark-to-market of an equity method investment, investment losses (gains) and other non-cash impairments.

(j) Reflects expected savings resulting from transformation initiatives and restructuring programs and, for the twelve months ended June 30, 2019, reflects expected savings resulting from transformation initiatives and pro forma impact of specified transactions, including pro forma adjustments related to the acquisition of EMP.

(k) Reflects the principal balance of senior secured debt at Acquisition Corp. of approximately $2.694 billion less cash of $250 million.

(l) Reflects the ratio of Senior Secured Indebtedness, including Revolving Credit Agreement Indebtedness, to Adjusted EBITDA as of the twelve months ended June 30, 2020. This is calculated net of cash and equivalents of the Company as of June 30, 2020 not exceeding $250 million. If the outstanding aggregate principal amount of borrowings and drawings under letters of credit which have not been reimbursed under our Revolving Credit Facility is greater than $105 million at the end of a fiscal quarter, the maximum leverage ratio permitted under the Revolving Credit Facility is 5.00:1.00. The Company's Revolving Credit Facility does not impose any "leverage ratio" maintenance requirement on the Company when the aggregate principal amount of borrowings and drawings under letters of credit, which have not been reimbursed under the Revolving Credit Facility, is less than or equal to $105 million at the end of a fiscal quarter.

Summary

Management believes that funds generated from our operations and borrowings under the Revolving Credit Facility and available cash and equivalents will be sufficient to fund our debt service requirements, working capital requirements and capital expenditure requirements for the foreseeable future. We also have additional borrowing capacity under our indentures and the Senior Term Loan Facility. However, our ability to continue to fund these items and to reduce debt may be affected by general economic, financial, competitive, legislative and regulatory factors, as well as other industry-specific factors such as the ability to control music piracy and the continued transition from physical to digital formats in the recorded music and music publishing industries. It could also be affected by the severity and duration of natural or man-made disasters, including pandemics such as COVID-19. We and our affiliates continue to evaluate opportunities to, from time to time, depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, seek to pay dividends or prepay outstanding debt or repurchase or retire Acquisition Corp.'s outstanding debt or debt securities in open market purchases, privately negotiated purchases or otherwise. The amounts involved in any such transactions, individually or in the aggregate, may be material and may be funded from available cash or from additional borrowings. In addition, from time to time, depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, we may seek to refinance the Senior Credit Facilities or our outstanding debt or debt securities with existing cash and/or with funds provided from additional borrowings.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As discussed in Note 14 to our audited consolidated financial statements for the fiscal year ended September 30, 2019, the Company is exposed to market risk arising from changes in market rates and prices, including movements in foreign currency exchange rates and interest rates. As of June 30, 2020, other than as described below, there have been no material changes to the Company's exposure to market risk since September 30, 2019.

Foreign Currency Risk

Within our global business operations we have transactional exposures that may be adversely affected by changes in foreign currency exchange rates relative to the U.S. dollar. We may at times choose to use foreign exchange currency derivatives, primarily forward contracts, to manage the risk associated with the volatility of future cash flows denominated in foreign currencies, such as unremitted or future royalties and license fees owed to our U.S. companies for the sale or licensing of U.S.-based music and merchandise abroad that may be adversely affected by changes in foreign currency exchange rates. We focus on managing the level of exposure to the risk of foreign currency exchange rate fluctuations on major currencies, which can include the Euro, British pound sterling, Japanese yen, Canadian dollar, Swedish krona, Australian dollar, Brazilian real, Korean won and Norwegian krone, and in many cases we have natural hedges where we have expenses associated with local operations that offset the revenue in local currency and our Euro-denominated debt, which can offset declines in the Euro. As of June 30, 2020, the Company had outstanding hedge contracts for the sale of $121 million and the purchase of $61 million of foreign currencies at fixed rates. Subsequent to June 30, 2020, certain of our foreign exchange contracts expired.

The fair value of foreign exchange contracts is subject to changes in foreign currency exchange rates. For the purpose of assessing the specific risks, we use a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of our financial instruments. For foreign exchange forward contracts outstanding at June 30, 2020, we typically perform a sensitivity analysis assuming a hypothetical 10% depreciation of the U.S. dollar against foreign currencies from prevailing foreign currency exchange rates and assuming no change in interest rates. The fair value of the foreign exchange forward contracts would have decreased by $6 million based on this analysis. Hypothetically, even if there was a decrease in the fair value of the forward contracts, because our foreign exchange contracts are entered into for hedging purposes, these losses would be largely offset by gains on the underlying transactions.

Interest Rate Risk

We had $3.019 billion of principal debt outstanding at June 30, 2020, of which $1.326 billion was variable-rate debt and $1.693 billion was fixed-rate debt. As such, we are exposed to changes in interest rates. At June 30, 2020, 56% of the Company's debt was at a fixed rate. In addition, as of June 30, 2020, we have the option under all of our floating rate debt under the Senior Term Loan Facility to select a one, two, three or six month LIBOR rate. To manage interest rate risk on $820 million of U.S. dollar-denominated variable-rate debt, the Company has entered into interest rate swaps to effectively convert the floating interest rates to a fixed interest rate on a portion of its variable-rate debt.

Based on the level of interest rates prevailing at June 30, 2020, the fair value of the Company's fixed-rate and variable-rate debt was approximately $3.043 billion. Further, as of June 30, 2020, based on the amount of the Company's fixed-rate debt, a 25 basis point increase or decrease in the level of interest rates would decrease the fair value of the fixed-rate debt by approximately $2 million or increase the fair value of the fixed-rate debt by approximately $5 million. This potential fluctuation is based on the simplified assumption that the level of fixed-rate debt remains constant with an immediate across the board increase or decrease in the level of interest rates with no subsequent changes in rates for the remainder of the period.

Inflation Risk

Inflationary factors such as increases in overhead costs may adversely affect our results of operations. We do not believe that inflation has had a material effect on our business, financial condition or results of operations to date. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases for services. Our inability or failure to do so could harm our business, financial condition or results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Certification

The certifications of the principal executive officer and the principal financial officer (or persons performing similar functions) required by Rules 13a-14(a) and 15d-14(a) of the Exchange Act (the "Certifications") are filed as exhibits to this report. This section of the report contains the information concerning the evaluation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) ("Disclosure Controls") and changes to internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) ("Internal Controls") referred to in the Certifications and this information should be read in conjunction with the Certifications for a more complete understanding of the topics presented.

Introduction

The Securities and Exchange Commission's ("SEC") rules define "disclosure controls and procedures" as controls and procedures that are designed to ensure that information required to be disclosed by public companies in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by public companies in the reports that they file or submit under the Exchange Act is accumulated and communicated to a company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The SEC's rules define "internal control over financial reporting" as a process designed by, or under the supervision of, a public company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, or U.S. GAAP, including those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

The Company's management, including its principal executive officer and principal financial officer, does not expect that our Disclosure Controls or Internal Controls will prevent or detect all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the limitations in any and all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Further, the design of any control system is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected even when effective Disclosure Controls and Internal Controls are in place.

Evaluation of Disclosure Controls and Procedures

Based on management's evaluation (with the participation of the Company's principal executive officer and principal financial officer), as of the end of the period covered by this report, the Company's principal executive officer and principal financial officer have concluded that the Company's Disclosure Controls are effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act will be recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, including that such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting or other factors during the three months ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company has not experienced any material impact to our internal controls over financial reporting despite the fact that most of our employees continue to work remotely due to the COVID-19 global pandemic. The Company will continue to monitor and assess the impact of the COVID-19 situation and our ability to maintain the design and operating effectiveness of internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time the Company is involved in claims and legal proceedings that arise in the ordinary course of business. The Company is currently subject to several such claims and legal proceedings. Based on currently available information, the Company does not believe that resolution of pending matters will have a material adverse effect on its financial condition, cash flows or results of operations. However, litigation is subject to inherent uncertainties, and there can be no assurances that the Company's defenses will be successful or that any such lawsuit or claim would not have a material adverse impact on the Company's business, financial condition, cash flows and results of operations in a particular period. Any claims or proceedings against the Company, whether meritorious or not, can have an adverse impact because of defense costs, diversion of management and operational resources, negative publicity and other factors.

ITEM 1A. RISK FACTORS

In addition to the other information contained in this Quarterly Report on Form 10-Q, certain risk factors should be considered carefully in evaluating our business. A wide range of risks may affect our business and financial results, now and in the future. We consider the risks described in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, and the risks set forth below to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results.

The Company's results of operations, cash flows and financial condition are expected to be adversely impacted by the coronavirus pandemic.

In January 2020, a new strain of coronavirus, COVID-19, was identified in Wuhan, China. On March 11, 2020, the World Health Organization declared a pandemic. The pandemic has had and will have an adverse effect on our results of operations, cash flows and financial condition.

While physical revenue streams – physical revenue in our Recorded Music business and mechanical revenue in our Music Publishing business – have declined significantly over the last decade, the virus outbreak has resulted in declines in our physical revenue streams related to disruptions in manufacturing and physical supply chains, the mandated closure of physical retailers, the requirement that people stay in their homes and our decisions to delay the release of new recordings from artists with a more physical consumer base.

The requirement that people stay in their homes has negatively affected our business in other ways. It has ended live concert tours, adversely impacting our concert promotion business and our sale of tour merchandise. It has made it more difficult for artists to engage in marketing efforts around the release of their new recordings which, in some cases, has led to our decisions to delay the release of those recordings. It has delayed the release of new recordings by impeding the types of collaboration among artists, songwriters, producers, musicians, engineers and studios which are necessary for the delivery of those recordings. The cessation in the production of motion pictures and television programs has negatively affected licensing revenue in our Recorded Music business and synchronization revenue in our Music Publishing business.

It has been widely reported that advertisers have reduced their advertising spend as a result of the COVID-19 pandemic. We expect this will result in a corresponding decline in licensing revenue and, to a lesser extent, ad-supported digital revenue in our Recorded Music business and synchronization, performance and ad-supported digital revenue in our Music Publishing business.

The severity and the duration of the pandemic is difficult to predict but it is expected that the pandemic will materially and adversely affect the global economy, creating risk around the timing and collectability of our accounts receivable and leading to a decline in consumer discretionary spending which, in turn, could have a negative impact on our results of operations, cash flows and financial condition. To the extent the COVID-19 pandemic adversely affects our business, results of operations, cash flows or financial condition, it may also have the effect of heightening other risks described in this section or our Annual Report on Form 10-K.

Given the uncertainty around the extent and timing of the potential future spread or mitigation of the virus and around the imposition or relaxation of protective measures, we cannot at this time reasonably estimate the impact to our future results of operations, cash flows and financial condition.

Due to the nature of our business, our results of operations and cash flows and the trading price of our common stock may fluctuate significantly from period to period.

Our results of operations are affected by the amount and quality of music that we release, the number of releases that include musical compositions published by us, timing of release schedules and, more importantly, the consumer demand for these releases. We also make advance payments to recording artists and songwriters, which impact our results of operations and operating cash flows. The timing of releases and advance payments is largely based on business and other considerations and is made without regard to the impact of the timing of the release on our financial results. In addition, certain of our license agreements with digital music services contain minimum guarantees and/or require that we are paid minimum guarantee payments. Our results of operations and cash flows in any reporting period may be materially affected by the timing of releases and advance payments and minimum guarantees, which may result in significant fluctuations from period to period, which may have an adverse impact on the price of our Class A Common Stock.

Our results of operations in any reporting period may also be affected by the Plan, which pays annual bonuses to certain executives based on our free cash flow and offers participants the opportunity to share in appreciation of our common stock. The extent of the benefits awarded under the Plan is affected by our operating results and trading price of our common stock and, as such, to the extent that either or both fluctuates, the value of the award may increase or decrease materially, which could affect our cash flows and results of operations. In connection with the IPO, we amended the Plan to provide that, following completion of the IPO, Plan participants would no longer have the option to settle deferred amounts in cash or to be paid in cash for redemption of their vested interests in Management LLC. Instead, following the IPO, all deferred interests under the Plan would be settled in or redeemed with shares of our common stock. As a result, our results of operations were adversely impacted by a non-cash stock based compensation charge of $436 million, and $593 million for the three and nine months ended June 30, 2020, respectively, to reflect the mark-to-market adjustment reflecting the change in value of our common stock through the date the Plan was modified. Subsequent to the amendment, the awards issued under the Plan will no longer be adjusted for changes in the value of our common stock. We will continue to incur non-cash stock-based compensation expense for awards that were unvested as of the modification date of the Plan and for any future awards that may be issued under the Plan or under the Omnibus Incentive Plan.

Fulfilling our obligations incident to being a public company will be expensive and time-consuming, and any delays or difficulties in satisfying these obligations could have a material adverse effect on our future results of operations and our stock price.

Following our IPO, we are subject to the reporting, accounting and corporate governance requirements applicable to issuers of listed equity, including the listing standards of NASDAQ and the Sarbanes-Oxley Act. The expenses associated with being a public company include increases in auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees and listing fees, as well as other expenses. Failure to comply with any of the public company requirements applicable to us could potentially subject us to sanctions or investigations by the U.S. Securities and Exchange Commission (the "SEC") or other regulatory authorities.

As a holding company, the Company depends on the ability of its subsidiaries to transfer funds to it to meet its obligations.

The Company is a holding company for all of our operations and is a legal entity separate from its subsidiaries. Dividends and other distributions from the Company's subsidiaries are the principal sources of funds available to the Company to pay corporate operating expenses, to pay stockholder dividends, to repurchase stock and to meet its other obligations. The inability to receive dividends from our subsidiaries could have a material adverse effect on our business, financial condition, liquidity or results of operations.

The subsidiaries of the Company have no obligation to pay amounts due on any liabilities of the Company or to make funds available to the Company for such payments. The ability of our subsidiaries to pay dividends or other distributions to the Company in the future will depend, among other things, on their earnings, tax considerations and covenants contained in any financing or other agreements, such as the covenants governing our current indebtedness which restrict the ability of Acquisition Corp. to pay dividends and make distributions. In addition, such payments may be limited as a result of claims against our subsidiaries by their creditors, including suppliers, vendors, lessors and employees.

If the ability of our subsidiaries to pay dividends or make other distributions or payments to the Company is materially restricted by cash needs, bankruptcy or insolvency, or is limited due to operating results or other factors, we may be required to raise cash through the incurrence of debt, the issuance of equity or the sale of assets. However, there is no assurance that we would be able to raise sufficient cash by these means. This could materially and adversely affect our ability to pay our obligations or pay dividends, which could have an adverse effect on the trading price of our common stock.

Risks Related to Our Controlling Stockholder

Following the completion of the IPO, Access continues to control us and may have conflicts of interest with other stockholders. Conflicts of interest may arise because affiliates of our controlling stockholder have continuing agreements and business relationships with us.

Subsequent to the IPO, Access holds approximately 99% of the total combined voting power of our outstanding common stock and approximately 83% of the economic interest of our outstanding common stock. As a result, and in addition to certain other rights granted to Access as disclosed in the Registration Statement on Form S-1 related to the IPO, Access will continue to be able to control the election of our directors, affect our legal and capital structure, change our management, determine our corporate and management policies and determine, without the consent of our other stockholders, the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. Access also has sufficient voting power to amend our organizational documents. In addition, under the provisions of a stockholder agreement entered into with Access (the "Stockholder Agreement"), the relevant terms of which govern the powers afforded the Company under our organizational documents, Access has consent rights with respect to certain corporate and business activities that we may undertake, including during periods where Access holds less than a majority of the total combined voting power of our outstanding common stock. Specifically, the Stockholder Agreement provides that, until the date on which Access ceases to hold at least 10% of our outstanding common stock, Access's prior written consent will be required before we may take certain corporate and business actions, whether directly or indirectly through a subsidiary, including, among others, the following:

- any merger, consolidation or similar transaction (or any amendment to or termination of an agreement to enter into such a transaction) with or into any other person whether in a single transaction or a series of transactions, subject to certain specified exceptions;
- any acquisition or disposition of securities, assets or liabilities, subject to certain specified exceptions;
- any change in our authorized capital stock or the creation of any new class or series of our capital stock;
- any issuance or acquisition of capital stock (including stock buy-backs, redemptions or other reductions of capital), or securities convertible into or exchangeable or exercisable for capital stock or equity-linked securities, subject to certain specified exceptions;
- any issuance or acquisition of debt securities to or from a third party, subject to certain specified exceptions; and
- any amendment (or approval or recommendation of any amendment) to our certificate of incorporation or by-laws.

As a result of these consent rights, Access will maintain significant control over our corporate and business activities until such rights cease.

Additionally, until Access ceases to hold more than 50% of the total combined voting power of our outstanding common stock, pursuant to Section 141(a) of the General Corporation Law of the State of Delaware ("DGCL"), our Executive Committee, as the Company's governing body, has all of the power and authority (including voting power) of our board of directors. The Executive Committee has the authority to approve any actions of the Company, except for matters that must be approved by the Audit Committee of our board of directors (or both the Executive Committee and the Audit Committee), or by a committee or sub-committee qualified to grant equity to persons subject to Section 16 of the Exchange Act for purposes of exempting transactions pursuant to Section 16b-3 thereunder, or as required under Delaware law, SEC rules and NASDAQ rules.

Access also has the power to direct us to engage in strategic transactions, with or involving other companies in our industry, including acquisitions, combinations or dispositions, and the acquisition of certain assets that may become available for purchase, and any such transaction could be material.

Our amended and restated certificate of incorporation and our amended and restated by-laws also include a number of provisions that may discourage, delay or prevent a change in our management or control for so long as Access owns specified percentages of our common stock. See "—Risks Related to Our Common Stock—Anti-takeover provisions in our amended and restated certificate of incorporation and amended and restated by-laws and Delaware law could discourage, delay or prevent a change of control of our company and may affect the trading price of our Class A Common Stock." These provisions not only could have a negative impact on the trading price of our Class A Common Stock, but could also allow Access to delay or prevent a corporate transaction of which the public stockholders approve.

Additionally, Access is in the business of making investments in companies and is actively seeking to acquire interests in businesses that operate in our industry and other industries and may compete, directly or indirectly, with us. Access may also pursue acquisition opportunities that may be complementary to our business, which could have the effect of making such acquisition opportunities unavailable to us. Access could elect to cause us to enter into business combinations or other transactions with any business or businesses in our industry that Access may acquire or control, or we could become part of a group of companies organized

under the ultimate common control of Access that may be operated in a manner different from the manner in which we have historically operated. Any such business combination transaction could require that we or such group of companies incur additional indebtedness, and could also require us or any acquired business to make divestitures of assets necessary or desirable to obtain regulatory approval for such transaction. The amounts of such additional indebtedness, and the size of any such divestitures, could be material. Access may also from time to time purchase outstanding debt securities that we issued, and could also subsequently sell any such debt securities. Any such purchase or sale may affect the value of, trading price or liquidity of our debt securities. See "—Under our amended and restated certificate of incorporation, Access and its affiliates, and in some circumstances, any of our directors and officers who is also a director, officer, employee, stockholder, member or partner of Access and its affiliates, have no obligation to offer us corporate opportunities."

Conflicts of interest may arise between our controlling stockholder and us. Affiliates of our controlling stockholder engage in transactions with us. Further, Access may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us, and they may either directly, or through affiliates, also maintain business relationships with companies that may directly compete with us. In general, Access or its affiliates could pursue business interests or exercise their voting power as stockholders in ways that are detrimental to us but beneficial to themselves or to other companies in which they invest or with whom they have a material relationship. In addition, a number of persons who currently are our directors and officers have been and remain otherwise affiliated with Access and, in some cases, such affiliations also involve financial interests. These relationships may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for Access and us.

As a result of these relationships, the interests of Access may not coincide with our interests or the interests of the holders of our Class A Common Stock. So long as Access continues to control a significant amount of the total combined voting power of our outstanding common stock, Access will continue to be able to strongly influence or effectively control our decisions, including potential mergers or acquisitions, asset sales and other significant corporate transactions.

Under our amended and restated certificate of incorporation, Access and its affiliates, and in some circumstances, any of our directors and officers who is also a director, officer, employee, stockholder, member or partner of Access and its affiliates, have no obligation to offer us corporate opportunities.

The policies relating to corporate opportunities and transactions with Access and its affiliates set forth in our amended and restated certificate of incorporation, address potential conflicts of interest between the Company, on the one hand, and Access, its affiliates and its directors, officers, employees, stockholders, members or partners who are directors or officers of the Company, on the other hand. Our amended and restated certificate of incorporation provides that we, on our behalf and on behalf of our subsidiaries, renounce any interest or expectancy in, or in being offered an opportunity to participate in, corporate opportunities, that are from time to time presented to Access or any of its affiliates, directors, officers, employees, stockholders, members or partners, even if the opportunity is one that we or our subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so. None of Access, its affiliates or any of its directors, officers, employees, stockholders, members or partners will generally be liable to us or any of our subsidiaries for breach of any fiduciary or other duty, as a director or otherwise, by reason of the fact that such person pursues, acquires or participates in such corporate opportunity, directs such corporate opportunity to another person or fails to present such corporate opportunity, or information regarding such corporate opportunity, to us or our subsidiaries unless, in the case of any such person who is a director or officer, such corporate opportunity is expressly offered to such director or officer in writing solely in his or her capacity as a director or officer. To the fullest extent permitted by law, by becoming a stockholder in our company, stockholders will be deemed to have notice of and consented to this provision of our amended and restated certificate of incorporation. Although these provisions are designed to resolve conflicts between us and Access and its affiliates fairly, conflicts may not be resolved in our favor or be resolved at all.

If Access sells a controlling interest in our company to a third party in a private transaction, our stockholders may not realize any change of control premium on shares of our Class A Common Stock and we may become subject to the control of a presently unknown third party.

Access has the ability, should it choose to do so, to sell some or all of its shares of our common stock in a privately negotiated transaction. If such a transaction were to be sufficient in size, it could result in a change of control of the Company. The ability of Access to privately sell such shares of our common stock, with no requirement for a concurrent offer to be made to acquire all of the shares of our Class A Common Stock, could prevent our stockholders from realizing any change of control premium on their shares of our Class A Common Stock that may otherwise accrue to Access upon its private sale of our common stock. Additionally, if Access privately sells a significant equity interest in us, we may become subject to the control of a presently unknown third party. Such third party may have conflicts of interest with the interests of other stockholders.

Risks Related to Our Common Stock

The dual class structure of our common stock and the existing ownership of Class B Common Stock by Access have the effect of concentrating voting control with Access for the foreseeable future, which will limit or preclude the ability of our other stockholders to influence corporate matters.

Our Class A Common Stock has one vote per share and our Class B Common Stock has 20 votes per share. Given the greater number of votes per share attributed to our Class B Common Stock, Access, who is our only Class B Common Stock stockholder, holds approximately 99% of the total combined voting power of our outstanding common stock. As a result of our dual class ownership structure, Access is able to exert a significant degree of influence or actual control over our management and affairs and over matters requiring stockholder approval, including the election of directors, mergers or acquisitions, asset sales and other significant corporate transactions. Further, Access owns shares representing approximately 83% of the economic interest of our outstanding common stock. Because of the 20-to-1 voting ratio between the Class B Common Stock and Class A Common Stock, the holders of Class B Common Stock collectively continue to control a majority of the total combined voting power of our outstanding common stock and therefore be able to control all matters submitted to our stockholders for approval, so long as the outstanding shares of Class B Common Stock represent at least approximately 10% of the total number of outstanding shares of common stock. This concentrated control will limit the ability of our other stockholders to influence corporate matters for the foreseeable future. For example, Access will be able to control elections of directors, amendments of our certificate of incorporation or by-laws, increases to the number of shares available for issuance under our equity incentive plans or adoption of new equity incentive plans and approval of any merger or sale of assets for the foreseeable future. This control may materially adversely affect the market price of our Class A Common Stock.

Additionally, the holders of our Class B Common Stock may cause us to make strategic decisions or pursue acquisitions that could involve risks to our other stockholders or may not be aligned with their interests. The holders of our Class B Common Stock will also be entitled to a separate vote in the event we seek to amend our certificate of incorporation.

The difference in the voting rights of our Class A Common Stock and Class B Common Stock may harm the value and liquidity of our Class A Common Stock.

The difference in the voting rights of our Class A Common Stock and Class B Common Stock could harm the value of our Class A Common Stock to the extent that any investor or potential future purchaser of our Class A Common Stock ascribes value to the right of holders of our Class B Common Stock to 20 votes per share of Class B Common Stock. The existence of two classes of common stock could also result in less liquidity for our Class A Common Stock than if there were only one class of our common stock.

Our dual class structure may depress the trading price of our Class A Common Stock.

Our dual class structure may result in a lower or more volatile market price of our Class A Common Stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with dual or multiple class share structures in certain of their indexes. S&P Dow Jones and FTSE Russell have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500. These changes exclude companies with multiple classes of shares of common stock from being added to these indices. In addition, several stockholder advisory firms have announced their opposition to the use of dual or multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A Common Stock in these indices and may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our Class A Common Stock. Any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A Common Stock.

Future sales of shares by existing stockholders could cause our stock price to decline.

Sales of substantial amounts of our Class A Common Stock in the public market, or the perception that these sales could occur, could cause the market price of our Class A Common Stock to decline. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon completion of the IPO and the exercise in full of the underwriters' option to purchase additional shares, we have 88,550,000 outstanding shares of Class A Common Stock and 421,450,000 outstanding shares of Class B Common Stock. All of the shares of Class A Common Stock sold in the IPO were immediately tradable without restriction under the Securities Act of 1933, as amended, or the "Securities Act," except for any shares held by "affiliates," as that term is defined in Rule 144 under the Securities Act, or "Rule 144."

The remaining shares of Class B Common Stock outstanding subsequent to the consummation of the IPO are restricted securities within the meaning of Rule 144, but will be eligible for resale subject, in certain cases, to applicable volume, manner of sale, holding period and other limitations of Rule 144 or pursuant to an exception from registration under Rule 701 under the Securities Act, or "Rule 701," subject to the terms of the lock-up agreements described below.

Additionally, shares of Class A Common Stock are registered under our registration statements on Form S-8 to be issued under our equity compensation plans, including the Plan, and, as a result, all shares of Class A Common Stock acquired upon settlement of deferred equity units granted under the Plan will also be freely tradable under the Securities Act, subject to the terms of the lock-up agreements, unless purchased by our affiliates. In addition, 31,169,099 shares of our Class A Common Stock are reserved for future issuances under the Omnibus Incentive Plan adopted in connection with the IPO over the 10-year period from the date of adoption.

In connection with the IPO, we, the selling stockholders, all of our directors and executive officers and the holders of all of our outstanding stock have entered into lock-up agreements under which, subject to certain exceptions, we and they have agreed not to sell, transfer or dispose of or hedge, directly or indirectly, any shares of our Class A Common Stock or any securities convertible into or exercisable or exchangeable for shares of our Class A Common Stock for a period of 180 days after the pricing date of the IPO, June 3, 2020, except with the prior written consent of Morgan Stanley & Co. LLC. Following the expiration of this 180-day lock-up period, approximately 421,450,000 shares of our Class A Common Stock (assuming conversion of all shares of Class B Common Stock into shares of Class A Common Stock) will be eligible for future sale, subject to the applicable volume, manner of sale, holding period and other limitations of Rule 144 or pursuant to an exception from registration under Rule 701. As resale restrictions end, the market price of our Class A Common Stock could decline if Access sells its shares or is perceived by the market as intending to sell them. Morgan Stanley & Co. LLC may, in its sole discretion and at any time, release all or any portion of the securities subject to lock-up agreements. Furthermore, subject to the expiration or waiver of the lock-up agreements, Access will have the right to require us to register shares of common stock for resale in some circumstances pursuant to a registration rights agreement we entered into with Access.

In the future, we may issue additional shares of Class A Common Stock, Class B Common Stock or other equity or debt securities convertible into or exercisable or exchangeable for shares of our Class A Common Stock in connection with a financing, strategic investment, litigation settlement or employee arrangement or otherwise. Any of these issuances could result in substantial dilution to our existing stockholders and could cause the trading price of our Class A Common Stock to decline.

The market price of our Class A Common Stock may be volatile and could decline after the IPO.

The market price of our Class A Common Stock may fluctuate significantly. Among the factors that could affect our stock price are:

- industry or general market conditions;
- domestic and international economic factors unrelated to our performance;
- changes in our customers' preferences;
- changes in law or regulation;
- lawsuits, enforcement actions and other claims by third parties or governmental authorities;
- adverse publicity related to us or another industry participant;
- actual or anticipated fluctuations in our operating results;
- changes in securities analysts' estimates of our financial performance or lack of research coverage and reports by industry analysts;
- action by institutional stockholders or other large stockholders (including Access), including future sales of our Class A Common Stock;
- failure to meet any guidance given by us or any change in any guidance given by us, or changes by us in our guidance practices;
- speculation in the press or investment community;
- investor perception of us and our industry;
- changes in market valuations or earnings of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions or strategic partnerships;

- war, terrorist acts, epidemic disease and pandemics, including COVID-19;
- any future sales of our Class A Common Stock or other securities;
- additions or departures of key personnel; and
- misconduct or other improper actions of our employees.

Stock markets have experienced extreme volatility in recent years that has been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A Common Stock. In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been instituted against the affected company. Any litigation of this type brought against us could result in substantial costs and a diversion of our management's attention and resources, which could materially and adversely affect our business, consolidated results of operations, liquidity or financial condition.

If securities or industry analysts do not publish research or publish misleading or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class A Common Stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have, and may never obtain, research coverage for our Class A Common Stock. If there is no research coverage of our Class A Common Stock, the trading price for our common stock may be negatively impacted. In the event we obtain research coverage for our Class A Common Stock, if one or more of the analysts downgrades our stock or publishes misleading or unfavorable research about our business, our stock price would likely decline. If one or more of the analysts ceases coverage of our Class A Common Stock or fails to publish reports on us regularly, demand for our Class A Common Stock could decrease, which could cause our Class A Common Stock price or trading volume to decline.

Future offerings of debt or equity securities which would rank senior to our common stock may adversely affect the market price of our Class A Common Stock.

If, in the future, we decide to issue debt or equity securities that rank senior to our Class A Common Stock, it is likely that such securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our Class A Common Stock and may result in dilution to owners of our Class A Common Stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our Class A Common Stock will bear the risk of our future offerings reducing the market price of our Class A Common Stock and diluting the value of their stock holdings in us.

Anti-takeover provisions in our amended and restated certificate of incorporation and amended and restated by-laws and Delaware law could discourage, delay or prevent a change of control of our company and may affect the trading price of our Class A Common Stock.

Our amended and restated certificate of incorporation and our amended and restated by-laws include a number of provisions that may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. For example, our amended and restated certificate of incorporation and amended and restated by-laws collectively:

- authorize two classes of common stock with disparate voting power;
- permit different treatment of our Class A Common Stock and Class B Common Stock in a change of control transaction if approved by a majority of the voting power of our outstanding Class A Common Stock and a majority of the voting power of our outstanding Class B Common Stock, voting separately;
- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to thwart a takeover attempt;
- provide that vacancies on our board of directors, including vacancies resulting from an enlargement of our board of directors, may be filled only by a majority vote of directors then in office once Access ceases to beneficially own more than 50% of the total combined voting power of the outstanding shares of our common stock;
- prohibit stockholders from calling special meetings of stockholders if Access ceases to beneficially own more than 50% of the total combined voting power of the outstanding shares of our common stock;

- prohibit stockholder action by written consent, thereby requiring all actions to be taken at a meeting of the stockholders, if Access ceases to beneficially own more than 50% of the total combined voting power of the outstanding shares of our common stock;
- establish advance notice requirements for nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders;
- require the approval of holders of at least 66 2/3% of the total combined voting power of the outstanding shares of our common stock to amend our amended and restated by-laws and certain provisions of our amended and restated certificate of incorporation if Access ceases to beneficially own more than 50% of the total combined voting power of the outstanding shares of our common stock; and
- subject us to Section 203 of the DGCL, which limits the ability of stockholders holding shares representing more than 15% of the voting power of our outstanding voting stock from engaging in certain business combinations with us, once Access no longer owns at least 5% of the total combined voting power of our outstanding common stock.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our Class A Common Stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our Class A Common Stock if the provisions are viewed as discouraging takeover attempts in the future.

Our amended and restated certificate of incorporation and amended and restated by-laws may also make it difficult for stockholders to replace or remove our management. Furthermore, the existence of the foregoing provisions, as well as the significant amount of common stock that Access owns and voting power that Access holds, could limit the price that investors might be willing to pay in the future for shares of our Class A Common Stock. These provisions may facilitate management and board entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

We are a "controlled company" within the meaning of NASDAQ rules and, as a result, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

After the consummation of the IPO, Access holds approximately 99% of the total combined voting power of our outstanding common stock. Accordingly, we qualify as a "controlled company" within the meaning of NASDAQ corporate governance standards. Under NASDAQ rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain NASDAQ corporate governance standards, including:

- the requirement that a majority of the members of our board of directors be independent directors;
- the requirement that our nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

We intend to use these exemptions. As a result, we will not have a majority of independent directors, our compensation and our nominating and corporate governance committees will not consist entirely of independent directors and such committees may not be subject to annual performance evaluations. Additionally, we are only required to have all independent audit committee members within one year from the date of listing. Consequently, our stockholders will not have the same protections afforded to stockholders of companies that are subject to all of NASDAQ corporate governance rules and requirements. Our status as a controlled company could make our Class A Common Stock less attractive to some investors or otherwise harm our stock price.

Our amended and restated certificate of incorporation includes provisions limiting the personal liability of our directors for breaches of fiduciary duty under the DGCL.

Our amended and restated certificate of incorporation contains provisions permitted under the action asserting a claim arising under the DGCL relating to the liability of directors. These provisions will eliminate a director's personal liability to the fullest extent permitted by the DGCL for monetary damages resulting from a breach of fiduciary duty, except in circumstances involving:

- any breach of the director's duty of loyalty;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law;
- Section 174 of the DGCL (unlawful dividends); or

- any transaction from which the director derives an improper personal benefit.

The principal effect of the limitation on liability provision is that a stockholder will be unable to prosecute an action for monetary damages against a director unless the stockholder can demonstrate a basis for liability for which indemnification is not available under the DGCL. These provisions, however, should not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of a director's fiduciary duty. These provisions will not alter a director's liability under federal securities laws. The inclusion of this provision in our amended and restated certificate of incorporation may discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might otherwise have benefited us and our stockholders.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or stockholders.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed to us or our stockholders by any of our directors, officers, other employees, agents or stockholders, (iii) any action asserting a claim arising out of or under the DGCL, or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware (including, without limitation, any action asserting a claim arising out of or pursuant to our amended and restated certificate of incorporation or our amended and restated by-laws) or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to such Court of Chancery of the State of Delaware having personal jurisdiction over the indispensable parties named as defendants. However, claims subject to exclusive jurisdiction in the federal courts, such as suits brought to enforce a duty or liability created by the Securities Act, the Exchange Act, or the rules and regulations thereunder, need not be brought in the Court of Chancery of the State of Delaware. Stockholders in our company will be deemed to have notice of and have consented to the provisions of our amended and restated certificate of incorporation related to choice of forum. The choice of forum provision in our amended and restated certificate of incorporation may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or any of our directors, officers, other employees, agents or stockholders, which may discourage lawsuits with respect to such claims. Additionally, a court could determine that the exclusive forum provision is unenforceable, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. If a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit Number	Exhibit Description
3.1*	Fourth Amended and Restated Certificate of Incorporation of Warner Music Group Corp.
3.2*	Fourth Amended and Restated By-Laws of Warner Music Group Corp.
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Warner Music Group Corp.'s Registration Statement on Form S-1 (File No. 333-236298)).
4.2	Indenture, dated as of June 29, 2020, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto, Credit Suisse AG, as Notes Authorized Representative and as Collateral Agent, and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of secured notes in series (incorporated by reference to Exhibit 4.1 to Warner Music Group Corp.'s Current Report on Form 8-K filed June 30, 2020).
4.3	First Supplemental Indenture, dated as of June 29, 2020, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 3.875% Senior Secured Notes due 2030 (incorporated by reference to Exhibit 4.2 to Warner Music Group Corp.'s Current Report on Form 8-K filed June 30, 2020).
4.4	Second Supplemental Indenture, dated as of June 29, 2020, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 2.750% Senior Secured Notes due 2028 (incorporated by reference to Exhibit 4.3 to Warner Music Group Corp.'s Current Report on Form 8-K filed June 30, 2020).
4.5	Form of 3.875% Senior Secured Note due 2030 (included in Exhibit 4.2 hereto).
4.6	Form of 2.750% Senior Secured Note due 2028 (included in Exhibit 4.2 hereto).
4.7	Tenth Supplemental Indenture, dated as of June 26, 2020, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 5.000% Senior Secured Notes due 2023 (incorporated by reference to Exhibit 4.6 to Warner Music Group Corp.'s Current Report on Form 8-K filed June 30, 2020).
10.1*	Stockholder Agreement between Access Industries, LLC and Warner Music Group Corp.
10.2*	Registration Rights Agreement between Access Industries, LLC and Warner Music Group Corp.
10.3†*	Warner Music Group Corp. 2020 Omnibus Incentive Plan.
10.4†	Amendment to Warner Music Group Corp. Senior Management Free Cash Flow Plan (incorporated by reference to Exhibit 10.39 to Warner Music Group Corp.'s Registration Statement on Form S-1 (File No. 333-236298)).
10.5†*	Indemnification Agreement between Warner Music Group Corp. and Stephen Cooper (and Schedule to Exhibit 10.5).
10.6	Second Amendment to Credit Agreement, dated as of April 3, 2020, among WMG Acquisition Corp., the several banks and other financial institutions party thereto and Credit Suisse AG, as administrative agent, relating to the revolving credit facility (incorporated by reference to Exhibit 10.41 to Warner Music Group Corp.'s Registration Statement on Form S-1 (File No. 333-236298)).
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.1*	Financial statements from the Quarterly Report on Form 10-Q of Warner Music Group Corp. for the quarter ended June 30, 2020, filed on August 4, 2020, formatted in Inline iXBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Deficit and (vi) Notes to Consolidated Interim Financial Statements
104*	Cover Page to this Quarterly Report on Form 10-Q, formatted in Inline iXBRL.

* Filed herewith.

** Pursuant to SEC Release No. 33-8212, this certification will be treated as "accompanying" this Quarterly Report on Form 10-Q and not "filed" as part of such report for purposes of Section 18 of the Securities Exchange Act, as amended, or otherwise

subject to the liability of Section 18 of the Securities Exchange Act, as amended, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, except to the extent that the registrant specifically incorporates it by reference.

† Identifies each management contract or compensatory plan or arrangement in which directors and/or executive officers are eligible to participate.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

August 4, 2020

WARNER MUSIC GROUP CORP.

By: /s/ STEPHEN COOPER

Name: **Stephen Cooper**
Title: **Chief Executive Officer**
(Principal Executive Officer)

By: /s/ ERIC LEVIN

Name: **Eric Levin**
Title: **Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)**

FOURTH AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

WARNER MUSIC GROUP CORP.

Warner Music Group Corp. (the "**Corporation**"), a corporation organized and existing under the General Corporation Law of the State of Delaware (as may be amended from time to time, the "**DGCL**"), does hereby certify as follows:

A. The present name of the Corporation is Warner Music Group Corp. The original Certificate of Incorporation of the Corporation was filed with the office of the Secretary of State of the State of Delaware on November 21, 2003, under the name "WMG Parent Corp."

B. This Fourth Amended and Restated Certificate of Incorporation (this "**Certificate of Incorporation**") was duly adopted by the Board of Directors of the Corporation (the "**Board of Directors**") and by written consent of the stockholders of the Corporation in accordance with Sections 228, 242 and 245 of the DGCL and restates, integrates, and further amends the Third Amended and Restated Certificate of Incorporation of the Corporation.

C. Pursuant to Sections 242 and 245 of the DGCL, the text of the Third Amended and Restated Certificate of Incorporation of the Corporation is hereby amended, integrated and restated in its entirety to read as follows:

FIRST: The name of the Corporation is Warner Music Group Corp.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is National Registered Agents, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL. The Corporation shall not have the power to take any action prohibited by the Stockholder Agreement (as defined under Article SEVENTH of this Certificate of Incorporation) without the consent of Access as provided in the Stockholder Agreement.

FOURTH:

A. *Authorized Capital Stock*. The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 2,100,000,000 shares of stock, consisting of (i) 1,000,000,000 shares of Class A Common Stock, $0.001 par value per share ("**Class A Common Stock**"), (ii) 1,000,000,000 shares of Class B Common Stock, $0.001 par value per share ("**Class B Common Stock**" and, together with the Class A Common Stock, the "**Common Stock**"), and (iii) 100,000,000 shares of preferred stock, $1.00 par value per share ("**Preferred Stock**"), issuable in one or more series as hereinafter provided.

B. *Powers and Right of the Preferred Stock*. The Preferred Stock may be issued at any time and from time to time in one or more series. The Board of Directors is hereby expressly authorized to provide, out of unissued shares of Preferred Stock that have not been designated as to series, for the issuance of

shares of Preferred Stock in one or more series and, by resolution adopted in accordance with law and by filing a certificate of designations pursuant to the applicable provisions of the DGCL (hereinafter referred to as a "**Preferred Stock Certificate of Designations**"), to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers (including voting powers, full or limited, if any), preferences and the relative participating, optional or other special rights thereof, and the qualifications, limitations and restrictions thereof, of shares of each such series, including, without limitation, dividend rights, dividend rates, conversion rights, voting rights, terms of redemption and liquidation preferences. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock and the qualifications, limitations and restrictions thereof, if any, may be different from those of any and all other series at any time outstanding. Any shares of any series of Preferred Stock purchased, exchanged, converted or otherwise acquired by the Corporation, in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, without designation as to series, and may be reissued as part of any series of Preferred Stock created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth in this Certificate of Incorporation or in such resolution or resolutions.

C. *Powers and Rights of the Class A Common Stock and Class B Common Stock*. The description of the Class A Common Stock and Class B Common Stock, and the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, are as follows:

(1) *Identical Rights*. Except as otherwise expressly provided herein or required by applicable law, shares of Class A Common Stock and Class B Common Stock shall have the same rights, powers and privileges and rank equally (including as to dividends and distributions, and any liquidation, dissolution or winding up of the Corporation), share ratably and be identical in all respects as to all matters. The number of authorized shares of Class A Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the total combined voting power of the then-outstanding Voting Securities entitled to vote thereon, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the DGCL.

(2) *Voting Rights*.

(a) *General Voting Rights*. Except as otherwise expressly provided herein or required by applicable law, the holders of shares of Class A Common Stock and Class B Common Stock shall vote together as a single class on all matters submitted to a vote of the stockholders of the Corporation; *provided*, *however*, that, except as otherwise required by the DGCL or other applicable law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation or to a Preferred Stock Certificate of Designations that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other series of Preferred Stock, to vote thereon pursuant to this Certificate of Incorporation or a Preferred Stock Certificate of Designations or pursuant to the DGCL.

(b) *Votes Per Share*. Except as otherwise expressly provided herein or required by applicable law, on any matter that is submitted to a vote of the stockholders of the Corporation, each holder of shares of Class A Common Stock shall be entitled to one (1)

vote for each such share, and each holder of shares of Class B Common Stock shall be entitled to twenty (20) votes for each such share.

(3) *Dividends*. Whenever a dividend, other than a dividend that constitutes a Share Distribution, is paid to the holders of shares of Class A Common Stock or Class B Common Stock then outstanding, the Corporation will also pay to the holders of shares of the other class of Common Stock then outstanding an equal dividend per share on an equal priority, *pari passu* basis, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class A Common Stock entitled to vote thereon and by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon, each voting separately as a class. Dividends will be payable only as and when declared from time to time by the Board of Directors out of assets of the Corporation legally available therefor.

(4) *Share Distributions*. If at any time a Share Distribution is to be made with respect to shares of Class A Common Stock or Class B Common Stock then outstanding, the Corporation will also pay a Share Distribution to the holders of shares of the other class of Common Stock then outstanding, and in all events, only as follows (unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class A Common Stock entitled to vote thereon and by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon, each voting separately as a class):

(a) a Share Distribution may be declared and paid on an equal per share basis among the shares of Class A Common Stock and shares of Class B Common Stock consisting of (i) shares of Class A Common Stock or Class A Convertible Securities declared and paid to holders of shares of Class A Common Stock and (ii) shares of Class B Common Stock or Class B Convertible Securities declared and paid to holders of shares of Class B Common Stock (for the avoidance of doubt, shares of Class B Common Stock or Class B Convertible Securities may not be issued, paid or otherwise distributed to holders of Class A Common Stock or Class A Convertible Securities unless approved by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon);

(b) a Share Distribution consisting of shares of any class or series of securities of the Corporation or any other Person, other than shares of Class A Common Stock or Class B Common Stock (or Class A Convertible Securities or Class B Convertible Securities), may be declared and paid on the basis of a distribution of (i) identical securities, on an equal per share basis, to holders of shares of Class A Common Stock and Class B Common Stock or (ii) a separate class or series of securities to the holders of shares of Class A Common Stock and a different class or series of securities to the holders of shares of Class B Common Stock, on an equal per share basis to such holders of the shares of Class A Common Stock and Class B Common Stock; *provided* that, in connection with a Share Distribution pursuant to clause (ii), such separate classes or series of securities (and, if the distribution consists of Convertible Securities, the Underlying Securities) do not differ in any respect other than their relative voting rights (and any other differences between the Class A Common Stock and Class B Common Stock set forth in this Certificate of Incorporation, *mutatis mutandis*, and any other

related differences in designations, conversion and share distribution provisions, as applicable), with holders of shares of Class B Common Stock receiving the class or series of securities having (or convertible into or exercisable or exchangeable for securities having) the highest relative voting rights and the holders of shares of Class A Common Stock receiving securities of a class or series having (or convertible into or exercisable or exchangeable for securities having) lesser relative voting rights; *provided* that the highest relative voting rights are no more than twenty (20) times greater than the lesser relative voting rights; *provided further* that, unless otherwise approved by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon, the class or series of securities received by the holders of Class B Common Stock shall provide for twenty (20) votes per share; or

(c) in the case of a Share Distribution consisting of shares of any class or series of securities of any other Person, such other Person shall have a certificate of incorporation or other constituent document with provisions substantially similar in all material respects to the provisions set forth in this Certificate of Incorporation (including provisions providing for the distribution of voting securities to holders of Class B Common Stock that have 20 times the voting power of any securities distributed to holders of Class A Common Stock), unless otherwise approved by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon.

(5) *Treatment in a Change of Control or any Merger Transaction*.

(a) Subject to subsection (c) of this Article FOURTH, Section C(5), in connection with any Change of Control Transaction, shares of Class A Common Stock and Class B Common Stock outstanding immediately prior to such Change of Control Transaction shall be treated equally, identically and ratably, on a per share basis, with respect to any consideration into which such shares are converted or any consideration paid or otherwise distributed to stockholders of the Corporation, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class A Common Stock entitled to vote thereon and by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon, each voting separately as a class.

(b) Subject to subsection (c) of this Article FOURTH, Section C(5), any merger or consolidation of the Corporation with or into any other entity, which is not a Change of Control Transaction, shall require approval by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class A Common Stock entitled to vote thereon and by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon, each voting separately as a class, unless (i) the shares of Class A Common Stock and Class B Common Stock outstanding immediately prior to such merger or consolidation are treated equally, identically and ratably, on a per share basis, including whether such shares remain outstanding and with respect to any consideration into which such shares are converted or any consideration paid or otherwise distributed to stockholders of the Corporation in respect thereof; or (ii) such shares are converted on a pro rata basis into shares of the surviving entity or its parent in such transaction having

identical rights, powers and privileges to the shares of Class A Common Stock and Class B Common Stock in effect immediately prior to such merger or consolidation, respectively; *provided* that if the voting power of the Class B Common Stock, including the voting power of the Class B Common Stock relative to the voting power of the Class A Common Stock would be adversely affected by such merger or consolidation, the approval by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock shall be required.

(c) Notwithstanding anything to the contrary contained in this Certificate of Incorporation, (i) for the avoidance of doubt, consideration to be paid to or received by a holder of shares of Class A Common Stock or Class B Common Stock in connection with any Change of Control Transaction or any merger or consolidation of the Corporation with or into any other entity, which is not a Change of Control Transaction, pursuant to any employment, consulting, severance or similar services arrangement shall be deemed not to be "paid or otherwise distributed to stockholders" or consideration in respect of shares of the capital stock of the Corporation for purposes of this Article FOURTH, Section C(5), and (ii) to the extent all or part of the consideration into which shares of Class A Common Stock or Class B Common Stock are converted or any consideration paid or otherwise distributed to stockholders of the Corporation in any Change of Control Transaction or any merger or consolidation of the Corporation with or into any other entity, which is not a Change of Control Transaction, is in the form of securities of another corporation or other entity, then the holders of shares of Class B Common Stock shall have their shares of Class B Common Stock converted into, or may otherwise be paid or distributed, such securities with a greater number of votes per share (but in no event greater than twenty (20) times; *provided* that, unless otherwise approved by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon, the class or series of securities received by the holders of Class B Common Stock shall provide for twenty (20) votes per share) than such securities into which shares of Class A Common Stock are converted, or which are otherwise paid or distributed to the holders of shares of Class A Common Stock (and the provisions governing the securities payable or otherwise distributable to the holders of shares of Class B Common Stock may also differ from the provision governing the securities payable or otherwise distributable to the holders of shares of Class A Common Stock in the same relative manner as the Class A Common Stock and Class B Common Stock differ from each other as set forth in this Certificate of Incorporation, *mutatis mutandis*, and any other related differences in designations, conversion and share distribution provisions, as applicable), without any requirement that such different treatment be approved by the holders of shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

(6) *Reclassification, Split, Subdivision, or Combination.* If the Corporation in any manner reclassifies, splits, subdivides or combines the outstanding shares of Class A Common Stock or Class B Common Stock, the outstanding shares of the other such class will concurrently therewith be proportionately reclassified, split, subdivided or combined in a manner that maintains the same proportionate equity ownership and voting rights between the holders of the outstanding shares of Class A Common Stock and the holders of the outstanding shares of Class B Common Stock on the record date for such reclassification, split, subdivision or combination, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class A Common Stock entitled to

vote thereon and by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon, each voting separately as a class; *provided* that if the voting power of the Class B Common Stock, including the voting power of the Class B Common Stock relative to the voting power of the Class A Common Stock, would be adversely affected by such reclassification, split, subdivision or combination, the approval by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock shall be required.

(7) *Liquidation and Dissolution.* In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of shares of Class A Common Stock and Class B Common Stock shall be treated equally, identically and ratably, on a per share basis, and be entitled to receive an equal amount per share of all the assets of the Corporation of whatever kind available for distribution to holders of shares of Common Stock, after payment or provision for payment of the debts and liabilities of the Corporation and subject to the payment in full of the preferential or other amounts to which any series of Preferred Stock are entitled, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class A Common Stock entitled to vote thereon and by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon, each voting separately as a class. Neither the consolidation or merger of the Corporation with or into any other Person or Persons nor the sale, lease or exchange of all or substantially all of the assets of the Corporation shall itself be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Article FOURTH, Section C(7).

(8) *No Adverse Effect on the Class B Common Stock*. Notwithstanding anything to the contrary contained in this Certificate of Incorporation, the rights, powers, preferences and privileges of the shares of Class B Common Stock may not be adversely affected in any manner (whether by amendment, or through merger, recapitalization, consolidation or otherwise) without the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon.

D. *Definitions*. For purposes of this Certificate of Incorporation:

(1) "**Change of Control Transaction**" means (i) the sale, lease, exchange, transfer, exclusive license (except any such licenses entered into in the ordinary course of business) or other disposition (other than liens and encumbrances created in the ordinary course of business, including liens or encumbrances to secure indebtedness for borrowed money that are approved by the Board of Directors, so long as no foreclosure occurs in respect of any such lien or encumbrance) of all or substantially all of the Corporation's property and assets (which shall for such purpose include the property and assets of any direct or indirect subsidiary of the Corporation, taken as a whole); *provided* that any sale, lease, exchange, transfer, exclusive license (except any such licenses entered into in the ordinary course of business) or other disposition of property or assets exclusively between or among the Corporation and any wholly owned direct or indirect subsidiary or subsidiaries of the Corporation shall not be deemed a "Change of Control Transaction"; (ii) the merger, consolidation, business combination or other similar transaction of the Corporation with or into any other entity, other than a merger, consolidation, business combination or other similar transaction that would result in the Voting Securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent

(50%) of the total voting power represented by the Voting Securities, as outstanding immediately after such merger, consolidation, business combination or other similar transaction, and the stockholders of the Corporation immediately prior to the merger, consolidation, business combination or other similar transaction owning Voting Securities or voting securities of the surviving entity or its parent immediately following the merger, consolidation, business combination or other similar transaction in substantially the same proportions (vis-à-vis each other) as such stockholders owned the Voting Securities immediately prior to the transaction; or (iii) a recapitalization, liquidation, dissolution or other similar transaction involving the Corporation, other than a recapitalization, liquidation, dissolution or other similar transaction that would result in the Voting Securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total combined voting power represented by the Voting Securities, as outstanding immediately after such recapitalization, liquidation, dissolution or other similar transaction, and the stockholders of the Corporation immediately prior to the recapitalization, liquidation, dissolution or other similar transaction owning Voting Securities or voting securities of the surviving entity or its parent immediately following the recapitalization, liquidation, dissolution or other similar transaction in substantially the same proportions (vis-à-vis each other) as such stockholders owned the Voting Securities immediately prior to the transaction.

(2) "**Class A Convertible Securities**" means Convertible Securities convertible into or exercisable or exchangeable for shares of Class A Common Stock.

(3) "**Class B Convertible Securities**" means Convertible Securities convertible into or exercisable or exchangeable for shares of Class B Common Stock.

(4) "**Convertible Securities**" means (i) any securities of the Corporation (other than Class A Common Stock or Class B Common Stock) that are directly or indirectly convertible into or exchangeable for, or that evidence the right to purchase, directly or indirectly, securities of the Corporation or any other Person, whether upon conversion, exercise, exchange, pursuant to anti-dilution provisions of such securities or otherwise, and (ii) any securities of any other Person that are directly or indirectly convertible into or exchangeable for, or that evidence the right to purchase, directly or indirectly, securities of such Person or any other Person (including the Corporation), whether upon conversion, exercise, exchange, pursuant to anti-dilution provisions of such securities or otherwise.

(5) "**Liquidation Event**" means any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, or any Change of Control Transaction.

(6) "**Person**" means a natural person, corporation, limited liability company, partnership, joint venture, trust, unincorporated association or other legal entity.

(7) "**Share Distribution**" means a dividend or distribution (including a dividend or distribution made in connection with any stock-split, reclassification, recapitalization, dissolution, winding up or full or partial liquidation of the Corporation) payable in shares of any class or series of capital stock, Convertible Securities or other securities of the Corporation or any other Person.

(8) "**Underlying Securities**" means, with respect to any class or series of Convertible Securities, the class or series of securities into which such class or series of Convertible Securities are directly or indirectly convertible, or for which such Convertible Securities are directly or indirectly exchangeable, or that such Convertible Securities evidence the right to purchase or otherwise receive, directly or indirectly.

(9) "**Voting Securities**" means the Class A Common Stock and Class B Common Stock and any series of Preferred Stock which by the terms as set forth herein or in its Preferred Stock Certificate of Designations is designated as a Voting Security; *provided* that, except as may otherwise be required by the DGCL or other applicable law, each such series of Preferred Stock shall be entitled to vote together with the other Voting Securities only as and to the extent expressly provided for by its terms as set forth herein or in the applicable Preferred Stock Certificate of Designations.

FIFTH:

A. *Voluntary Conversion of Class B Common Stock*.

(1) On and subject to the terms of Article FIFTH, Section A(2), each share of Class B Common Stock shall be voluntarily convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof at any time and from time to time, and without payment of additional consideration to the holder thereof.

(2) In order for a holder of shares of Class B Common Stock to voluntarily convert shares of Class B Common Stock into shares of Class A Common Stock, such holder shall (i) provide written notice to the Corporation's transfer agent at the office of the transfer agent for the Class B Common Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder's shares of Class B Common Stock and, if applicable, any event on which such conversion is contingent (which, in the case of a contingent conversion, such notice may be revoked by such holder prior to the time on which the conversion would otherwise occur unless otherwise specified by such holder) and (ii) surrender the certificate or certificates, if any, representing such shares of Class B Common Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation (which may include a requirement to post a bond) to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) at the office of the transfer agent for the Class B Common Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder's name or the names of the nominees in which such holder wishes the shares of Class A Common Stock to be issued. If required by the Corporation, any certificate or certificates so surrendered shall be endorsed or accompanied by a written instrument or instruments of transfer, in form reasonably satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion, unless such notice is subject to a condition or contingency, in which case the close of business on the date such condition or contingency is satisfied or waived shall be the time of conversion (any such time, the "**Voluntary Conversion Time**"), and the shares of Class A Common Stock into which the specified shares of Class B

Common Stock have been converted shall be deemed to be outstanding of record at the Voluntary Conversion Time. All rights with respect to the shares of Class B Common Stock converted at any Voluntary Conversion Time, including the rights, if any, to receive notices and vote, shall terminate at the Voluntary Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at, prior to, or after such time), except for only the rights of the holder of such shares to receive (i) any dividends declared but unpaid on the shares of Class B Common Stock held of record by such holder as of the record date for such dividend, if such record date was at or prior to the Voluntary Conversion Time, that have been converted into shares of Class A Common Stock at such Voluntary Conversion Time, and (ii) if the shares of Class B Common Stock converted at such Voluntary Conversion Time were represented by a certificate or certificates immediately prior to such Voluntary Conversion Time, upon surrender of the certificate or certificates that immediately prior to such Voluntary Conversion Time represented such shares of Class B Common Stock (or lost certificate affidavit and agreement), (x) a certificate or certificates representing the number of full shares of Class A Common Stock into which such shares of Class B Common Stock were converted at such Voluntary Conversion Time if such shares of Class A Common Stock are certificated, and (y) if less than all of the shares of Class B Common Stock represented by any one certificate were converted at such Voluntary Conversion Time, a new certificate representing the shares of Class B Common Stock not so converted at such Voluntary Conversion Time. Until surrendered in accordance with this Article FIFTH, Section A(2), any certificate or certificates that, immediately prior to the Voluntary Conversion Time, represented shares of Class B Common Stock that have been converted into shares of Class A Common Stock at such Voluntary Conversion Time shall, from and after such Voluntary Conversion Time, represent only (i) the number of shares of Class A Common Stock into which such shares of Class B Common Stock have been converted at such Voluntary Conversion Time, and (ii) in the event less than all of the shares of Class B Common Stock represented by a certificate have not been so converted, then such certificate shall also represent the shares of Class B Common Stock that have not been so converted at such Voluntary Conversion Time.

B. *Automatic Conversion of Class B Common Stock*. Each share of Class B Common Stock shall automatically, without any further action by the Corporation or the holder thereof, be converted into one (1) fully paid and nonassessable share of Class A Common Stock upon the occurrence of a Transfer other than a Permitted Transfer of such share of Class B Common Stock. In the event of a conversion of shares of Class B Common Stock into shares of Class A Common Stock pursuant to this Article FIFTH, Section B, such conversion shall be deemed to have occurred at the time that the Transfer of such shares occurred.

C. *Final Conversion of Class B Common Stock*. Each share of Class B Common Stock shall automatically, without any further action by the Corporation or the holder thereof, convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the earliest to occur of:

(1) 5:00 p.m. New York time on the third Business Day following approval by (i) the affirmative vote of a majority of the Board of Directors and (ii) the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock entitled to vote thereon, voting separately as a class; and

(2) 5:00 p.m. New York time on the first Business Day following such time as the outstanding shares of Class B Common Stock constitutes less than ten percent (10%) of the aggregate number of shares of Common Stock then outstanding.

D. *Policies and Procedures*.

(1) The Board of Directors may, from time to time, establish such policies and procedures, not in violation of applicable law or this Certificate of Incorporation or the Fourth Amended and Restated Bylaws of the Corporation (as may be amended from time to time, the "**Bylaws**"), relating to the conversion of shares of Class B Common Stock into shares of Class A Common Stock as it may deem necessary or advisable. The Corporation may, from time to time, require that a holder of shares of Class B Common Stock furnish affidavits or other proof to the Corporation as it deems necessary to verify the ownership of shares of Class B Common Stock and to confirm that a conversion to shares of Class A Common Stock has not occurred.

(2) Promptly following any Mandatory Conversion Time, each holder of shares of Class B Common Stock that have been converted into shares of Class A Common Stock at such Mandatory Conversion Time shall surrender the certificate or certificates, if any, that immediately prior to such Mandatory Conversion Time represented the shares of Class B Common Stock that were converted into shares of Class A Common Stock at such Mandatory Conversion Time (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation (which may include a requirement to post a bond) to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) at the office of the transfer agent for the Class B Common Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). If required by the Corporation, any certificate or certificates so surrendered shall be endorsed or accompanied by a written instrument or instruments of transfer, in form reasonably satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the shares of Class B Common Stock converted at any Mandatory Conversion Time, including the rights, if any, to receive notices and vote, shall terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at, prior to, or after such time), except for only the rights of the holder of such shares to receive (i) any dividends declared but unpaid on the shares of Class B Common Stock held of record by such holder as of the record date for such dividend, if such record date was at or prior to the Voluntary Conversion Time, that have been converted into shares of Class A Common Stock at such Mandatory Conversion Time, and (ii) if the shares of Class B Common Stock converted at such Mandatory Conversion Time were represented by a certificate or certificates immediately prior to such Mandatory Conversion Time, upon surrender of the certificate or certificates that immediately prior to such Mandatory Conversion Time represented such shares of Class B Common Stock (or lost certificate affidavit and agreement), (x) a certificate or certificates representing the number of full shares of Class A Common Stock into which such shares of Class B Common Stock were converted at such Mandatory Conversion Time if such shares of Class A Common Stock are certificated, and (y) if less than all of the shares of Class B Common Stock represented by any one certificate were converted at such Mandatory Conversion Time, a new certificate representing the shares of Class B Common Stock not so converted at such Mandatory Conversion Time. Until surrendered in accordance with this Article FIFTH, Section D(2), any certificate or certificates that, immediately prior to the Mandatory Conversion Time, represented shares of Class B Common Stock that have been converted into shares of Class A Common Stock at such Mandatory Conversion Time shall, from and after such Mandatory Conversion Time, represent only (i) the number of shares of Class A Common Stock into which such shares of Class B Common Stock have been converted at such Mandatory Conversion Time, and (ii) in the event less than all of the shares of Class B Common

Stock represented by a certificate have not been so converted, then such certificate shall also represent the shares of Class B Common Stock that have not been so converted at such Mandatory Conversion Time.

E. *Effect of Conversion*. Any shares of Class B Common Stock converted pursuant to this Certificate of Incorporation shall be retired and cancelled and may not be reissued as shares of such class, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Class B Common Stock accordingly.

F. *Definitions*. For purposes of this Certificate of Incorporation:

(1) "**Access**" means Access Industries, LLC, Len Blavatnik, the Blavatnik Family Foundation LLC, any direct or indirect equityholder of Access Industries, LLC, any family member of any direct or indirect equityholder of Access Industries, LLC, entities controlled, directly or indirectly, or managed, directly or indirectly, by Access Industries, LLC or an affiliate of Access Industries, LLC, and any affiliate or Permitted Transferee of any of the foregoing, including any affiliate of any Permitted Transferee.

(2) "**affiliate**" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person directly or indirectly owning or controlling ten percent (10%) or more of any class of outstanding voting securities of such Person or (iii) any officer, director, general partner or trustee of any such Person described in clause (i) or (ii).

(3) "**Beneficially Owned**" has such meaning as is set forth in Rule 13d-3 of the U.S. Securities Exchange Act of 1934, as amended. "**Beneficial Ownership**" and "**Beneficially Owns**" shall have correlative meanings.

(4) "**Business Day**" means a day other than Saturday, Sunday or other day on which commercial banks in New York City, New York are authorized or required by applicable law to close.

(5) "**control**" (including the terms "**controlling**," "**controlled by**" and "**under common control with**"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

(6) "**Effective Date**" means the date of the effectiveness of the filing of this Certificate of Incorporation with the Secretary of State of the State of Delaware.

(7) "**Independent Directors**" means members of the Board of Directors who are not officers or otherwise employees of the Corporation or its subsidiaries (*provided* that a director shall not be considered an officer or employee of the Corporation solely due to such director's position as a member of the Board of Directors or the board of directors or similar governing body of one or more subsidiaries of the Corporation).

(8) "**Mandatory Conversion Time**" means the time of any conversion of shares of Class B Common Stock into shares of Class A Common Stock in accordance with this Article FIFTH, other than any voluntary conversion pursuant to Article FIFTH, Section A hereof.

(9) "**Permitted Transfer**" means a Transfer from a holder of shares of Class B Common Stock to any Permitted Transferee, or a transfer from a Permitted Transferee of such holder to another Permitted Transferee of such holder or back to such holder.

(10) "**Permitted Transferee**" means (i) Access, (ii) any family member of any direct or indirect equityholder of Access, (iii) any trust formed solely for the benefit of any direct or indirect equityholder of Access or such equityholder's family members, (iv) any partnership, corporation or other entity controlled by any direct or indirect equityholder of Access or such equityholder's family members for tax or estate planning purposes and (v) any foundation or charity affiliated with Access or any Permitted Transferee, so long as any direct or indirect equityholder of Access or a Permitted Transferee, or a fiduciary who is selected by Access or such equityholder or Permitted Transferee and whom Access or such equityholder or Permitted Transferee has the power to remove and replace, retains voting control over the shares transferred to such foundation or charity.

(11) "**Rights**" means any option, warrant, restricted stock unit, restricted stock award, performance stock award, phantom stock, equity award, conversion right or contractual right of any kind to acquire shares of the Corporation's authorized but unissued capital stock.

(12) "**Transfer**" of a share of Class B Common Stock shall mean any direct or indirect sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share (a "transfer"), whether or not for value and whether voluntary or involuntary or by merger, consolidation or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in Beneficial Ownership), a transfer of a share of Class B Common Stock among two or more unaffiliated or unrelated holders or the transfer of, or entering into a binding agreement with respect to, Voting Control over such share by proxy or otherwise (unless, in each case, otherwise explicitly exempted from the definition of "Transfer" hereunder), *provided*, *however*, that the following shall not be considered a "Transfer":

(a) the grant of a proxy to officers or directors of the Corporation at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders;

(b) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; *provided*, *however*, that a foreclosure on such shares or other similar action by the pledgee shall constitute a Transfer unless such foreclosure or similar action qualifies as a Permitted Transfer;

(c) the fact that the spouse of any holder of shares of Class B Common Stock possesses or obtains an interest in such holder's shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a "Transfer" of such shares of Class B Common Stock; *provided* that any transfer of shares by any holder of shares of Class B Common Stock to such holder's spouse, including a transfer in connection with a divorce proceeding, domestic relations order or similar legal

requirement, shall constitute a "Transfer" of such shares of Class B Common Stock unless otherwise exempt from the definition of "Transfer";

(d) entering into a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, with a broker or other nominee where the holder entering into the plan retains Voting Control over the shares; *provided*, *however*, that a Transfer of such shares of Class B Common Stock by such broker or other nominee shall constitute a "Transfer" at the time of such Transfer;

(e) entering into a support, voting, tender or similar agreement, arrangement or understanding (with or without granting a proxy) in connection with a Liquidation Event or other merger or consolidation; *provided* that such Liquidation Event or other merger or consolidation and such agreement or understanding was approved by a majority of the Independent Directors then in office in advance of the entry into such agreement or understanding; or

(f) any proxy granted, or proxy agreement entered into, before the Effective Date with respect to the voting of any of the Corporation's capital stock to which the Corporation is a party that terminates upon the consummation of the sale of shares of capital stock of the Corporation to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended.

(13) "**Voting Control**" means with respect to a share of Class B Common Stock the exclusive power (whether directly or indirectly) to vote or direct the voting of such share of Class B Common Stock by proxy, voting agreement or otherwise.

G. *Reservation of Stock*. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of Class B Common Stock, such number of shares of Class A Common Stock as will from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock into shares of Class A Common Stock.

H. *No Further Issuances*. Except for the issuance of shares of Class B Common Stock issuable upon exercise of Rights outstanding immediately prior to the Effective Date, a dividend payable in accordance with Article FOURTH, Section C(4) hereof, consideration to be paid to or received in connection with any Change of Control Transaction or any merger or consolidation of the Corporation with or into any other entity, which is not a Change of Control Transaction, in accordance with Article FOURTH, Section C(5) hereof, or a reclassification, split, subdivision or combination in accordance with Article FOURTH, Section C(6) hereof, the Corporation shall not at any time after the Effective Date issue any additional shares of Class B Common Stock.

SIXTH:

Any action required or permitted to be taken at any annual or special meeting of the stockholders of the Corporation must be effected at a duly called annual or special meeting; *provided*, *however*, that this Article SIXTH shall not become effective until the first date on which Access first ceases to Beneficially Own (directly or indirectly) more than fifty percent (50%) of the total combined voting power of the then-outstanding Voting Securities (the "**Trigger Date**"). Notwithstanding the foregoing, holders of one or more classes or series of Preferred Stock may, to the extent permitted by and pursuant to the terms of such

class or series of Preferred Stock adopted by resolution or resolutions of the Board of Directors, act by written consent.

SEVENTH:

A. *General Powers*. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

B. *Number of Directors*. Subject to any rights of the holders of shares of any series of Preferred Stock to elect additional directors and the terms of the Stockholder Agreement, dated as of May 29, 2020 (as may be amended, supplemented, restated or otherwise modified from time to time, the "**Stockholder Agreement**"), between the Corporation and Access Industries, LLC, the number of directors shall be fixed, and may be altered from time to time, exclusively by resolution of the Board of Directors, but in no event may the number of directors of the Corporation be less than one (1).

C. *Written Ballot Not Required*. Unless and except to the extent that the Bylaws so require, the election of directors of the Corporation need not be by written ballot.

D. *Vacancies*. Subject to any rights granted to the holders of shares of any class or series of Preferred Stock then outstanding to elect additional directors or fill vacancies in respect of such directors under specified circumstances and the terms and conditions of the Stockholder Agreement, and except as otherwise provided by law, any vacancy in the Board of Directors that results from (x) the death, disability, resignation or disqualification of any director shall be filled by an affirmative vote of at least a majority of the directors then in office, even if less than a quorum, or by a sole remaining director and (y) an increase in the number of directors or the removal of any director shall be filled (a) following the Effective Date and until the Trigger Date, solely by an affirmative vote of the holders of at least a majority of the total combined voting power of the then-outstanding Voting Securities entitled to vote in an election of directors and (b) from and after the Trigger Date, by an affirmative vote of at least a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. A director elected to fill a vacancy or a newly created directorship shall hold office until his or her successor has been duly elected and qualified, or until such director's earlier death, resignation or removal, but in no case shall a decrease in the number of directors shorten the term of any incumbent director.

E. *Removal*. Subject to the rights of the holders of shares of any series of Preferred Stock with respect to such series of Preferred Stock and the terms and conditions of the Stockholder Agreement, any director or the entire Board of Directors may be removed from office, with or without cause, by the affirmative vote of the holders of a majority of the total combined voting power of the then-outstanding Voting Securities entitled to vote in the election of directors.

F. In addition to the powers and authority herein or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject to the provisions of the DGCL, this Certificate of Incorporation and the Bylaws; *provided, however*, that no Bylaws hereafter adopted shall invalidate any prior act of the directors that would have been valid if such Bylaws had not been adopted.

EIGHTH:

A. *Special Meetings of Stockholders*. Except as otherwise required by law and subject to any rights granted to holders of shares of any class or series of Preferred Stock then outstanding, until the Trigger Date, special meetings of the stockholders of the Corporation for any purpose or purposes may only be

called by the Board or the Secretary of the Corporation, in each case at the request of the holders of a majority of the total combined voting power of the then-outstanding Voting Securities. From and after the Trigger Date, special meetings of the stockholders of the Corporation may only be called by the Chairman of the Board of Directors or pursuant to a resolution of the Board of Directors adopted by a majority of the directors then in office so long as a quorum is present, and the stockholders of the Corporation shall not have the power to call a special meeting of the stockholders of the Corporation or to request the Secretary of the Corporation to call a special meeting of the stockholders. The Board may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board; provided that, prior to the Trigger Date, any such action by the Board may not be taken without the consent of Access (as defined below).

B. *Cumulative Voting*. No stockholder of the Corporation shall be entitled to exercise any right of cumulative voting.

NINTH:

A. Except to the extent that the DGCL prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director. No amendment to or repeal of this Article NINTH or of the relevant provisions of the DGCL shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for, or with respect to, any acts or omissions of such director occurring prior to such amendment or repeal.

B. The Corporation shall indemnify, in a manner and to the fullest extent permitted by the DGCL, each person who is or was a party to or subject to, or is threatened to be made a party to or to be the subject of, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature, by reason of the fact that he or she is or was, or had agreed to become or is alleged to have been, a director, officer or employee of the Corporation or is or was serving, or had agreed to serve or is alleged to have served, at the request of or to further the interests of the Corporation as a director, officer, employee, manager, partner or trustee of, or in a similar capacity for, another corporation or any limited liability company, partnership, joint venture, trust or other enterprise, including any employee benefit plan of the Corporation or of any of its affiliates and any charitable or not-for-profit enterprise (any such person being sometimes referred to hereafter as an "**Indemnitee**"), or by reason of any action taken or omitted or alleged to have been taken or omitted by an Indemnitee in any such capacity, against, in the case of any action, suit or proceeding other than an action or suit by or in the right of the Corporation, all expenses (including court costs and attorneys' fees) and amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf and all judgments, damages, fines, penalties and other liabilities actually sustained by him or her in connection with such action, suit or proceeding and any appeal therefrom and, in the case of an action or suit by or in the right of the Corporation, against all expenses (including court costs and attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful; *provided*, *however*, that in an action or suit by or in the right of the Corporation no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless, and then only to the extent that, the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as

the Court of Chancery of Delaware or such other court shall deem proper. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. With respect to service by an Indemnitee on behalf of any employee benefit plan of the Corporation or any of its affiliates, action in good faith and in a manner the Indemnitee reasonably believed to be in the interest of the beneficiaries of the plan shall be considered to be in or not opposed to the best interests of the Corporation. The Corporation shall indemnify an Indemnitee for expenses (including court costs and attorneys' fees) reasonably incurred by the Indemnitee in connection with a proceeding successfully establishing his or her right to indemnification, in whole or in part, pursuant to this Article. However, notwithstanding anything to the contrary in this Article but subject to the foregoing sentence, the Corporation shall not be required to indemnify or advance expenses to an Indemnitee incurred in connection with a proceeding (or part thereof) initiated by the Indemnitee against the Corporation or any other person who is an Indemnitee unless the initiation of the proceeding was approved by the Board of Directors of the Corporation.

C. Subject to the provisions of the last sentence of Section B of this Article NINTH, the Corporation shall, in advance of the final disposition of the matter, pay or promptly reimburse a director or officer for any expenses (including court costs and attorneys' fees) reasonably incurred by such director or officer in investigating and defending or responding to any action, suit, proceeding or investigation referred to in Section B of this Article NINTH, and any appeal therefrom; *provided*, *however*, that the payment of such expenses incurred by a director or officer in advance of the final disposition of such a matter shall be made only upon receipt of an undertaking by or on behalf of the director or officer to repay all amounts so advanced if it shall ultimately be determined that the director or officer is not entitled to be indemnified by the Corporation against such expenses as provided by this Article. The Corporation shall accept such undertaking without reference to the financial ability of the director or officer to make such repayment.

D. The right to indemnification and advancement of expenses, as applicable, provided by this Article shall continue as to any person who formerly was an officer, director or employee of the Corporation in respect of acts or omissions occurring or alleged to have occurred while he or she was an officer, director or employee of the Corporation and shall inure to the benefit of the estate, heirs, executors and administrators of the Indemnitees. Unless otherwise required by the DGCL, the burden of proving that the Indemnitee is not entitled to indemnification or advancement of expenses under this Article shall be on the Corporation. The Corporation may, by provisions in the Bylaws or by agreement with one or more Indemnitees, establish procedures for the application of the foregoing provisions of this Article. The right of an Indemnitee to indemnification or advances as granted by this Article shall be a contractual obligation of the Corporation and, as such, shall be enforceable by the Indemnitee in any court of competent jurisdiction.

E. No amendment to or repeal of this Article or of the relevant provisions of the DGCL or any other applicable laws shall affect or diminish in any way the rights of any Indemnitee to indemnification under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment or repeal.

F. The indemnification and advancement of expenses provided by this Article shall not be exclusive of any other rights to which an Indemnitee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), bylaw, agreement, vote of stockholders or action of the Board of Directors or otherwise, both as to action in his or her official capacity and as to action in any

other capacity while holding office for the Corporation, and nothing contained in this Article shall be deemed to prohibit the Corporation from entering into agreements with officers, directors and employees providing indemnification rights and procedures different from those set forth in this Article.

G. In addition to indemnification by the Corporation of current and former officers, directors and employees and advancement of expenses by the Corporation to current and former officers and directors as permitted by the foregoing provisions of this Article, the Corporation may, in a manner and to the fullest extent permitted by the DGCL, indemnify current and former agents and other persons serving the Corporation and advance expenses to current and former employees, agents and other persons serving the Corporation, in each case as may be authorized by the Board of Directors, and any rights to indemnity or advancement of expenses granted to such persons may be equivalent to, or greater or less than, those provided to directors, officers and employees by this Article.

H. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any current or former director, officer, employee or agent of the Corporation or of another corporation or a limited liability company, partnership, joint venture, trust or other enterprise (including any employee benefit plan) in which the Corporation has an interest against any expense, liability or loss incurred by the Corporation or such person in his or her capacity as such, or arising out of his or her status as such, whether or not the Corporation would have the power to or is obligated to indemnify such person against such expense, liability or loss.

TENTH:

Subject to the terms and conditions of the Stockholder Agreement and the last sentence of this Article TENTH, in furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to amend, alter or repeal the Bylaws, without the assent or vote of stockholders of the Corporation. Any amendment, alteration or repeal of the Bylaws by the Board of Directors shall require the affirmative vote of a majority of the directors then in office so long as a quorum is present. In addition to any other vote otherwise required by law, the stockholders of the Corporation may amend, alter or repeal the Bylaws; *provided* that any such action shall require (i) until the Trigger Date, the affirmative vote of the holders of a majority of the total combined voting power of the then-outstanding Voting Securities entitled to vote at any annual or special meeting of stockholders and (ii) from and after the Trigger Date, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the total combined voting power of the then-outstanding Voting Securities entitled to vote at any annual or special meeting of stockholders. In addition, so long as the Stockholder Agreement remains in effect, the Board of Directors shall not approve any amendment, alteration or repeal of any provision of the Bylaws, or the adoption of any new bylaw, that would be contrary to or inconsistent with the then-applicable terms, if any, of the Stockholder Agreement or this sentence.

ELEVENTH:

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (the "**Court of Chancery**") shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee, agent or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action or proceeding asserting a claim arising out of or pursuant to, or seeking to enforce any right, obligation or remedy under, any provision of the DGCL, or as to which the DGCL confers jurisdiction on the Court of Chancery (including, without limitation, any action

asserting a claim arising out of or pursuant to this Certificate of Incorporation or the Bylaws) or (iv) any action or proceeding asserting a claim governed by the internal affairs doctrine, in each case, subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein; *provided* that, if and only if the Court of Chancery dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state or federal court sitting in the State of Delaware. Any Person holding, owning, purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article ELEVENTH. Nothing herein contained shall be construed to preclude stockholders of the Corporation that assert claims under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any successor thereto, from bringing such claims in state or federal court, subject to applicable law.

TWELFTH:

The Corporation reserves the right to amend, alter, change, adopt or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; *provided*, *however*, that, notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of shares of any class or series of capital stock of the Corporation required by law or by this Certificate of Incorporation, (i) until the Trigger Date, the affirmative vote of the holders of a majority of the total combined voting power of the then-outstanding Voting Securities entitled to vote at any annual or special meeting of stockholders and (ii) from and after the Trigger Date, the affirmative vote of the holders of sixty-six and two-thirds percent (66-2/3%) of the total combined voting power of the then-outstanding Voting Securities entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, repeal or adopt any provision of this Certificate of Incorporation inconsistent with Articles FOURTH, FIFTH, SIXTH, SEVENTH, EIGHT, NINTH, TENTH, ELEVENTH, TWELFTH, THIRTEENTH and FIFTEENTH; *provided further*, so long as any shares of Class B Common Stock remain outstanding, the Corporation shall not, without the prior affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class B Common Stock, voting as a separate class, in addition to any other vote required by applicable law or this Certificate of Incorporation, directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise amend, alter, change, repeal or adopt any provision of this Certificate of Incorporation; *provided further*, so long as any shares of Class A Common Stock remain outstanding, the Corporation shall not, without the prior affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class A Common Stock, voting as a separate class, in addition to any other vote required by applicable law or this Certificate of Incorporation, directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise amend, alter, change, repeal or adopt any provision of this Certificate of Incorporation (i) if the amendment would increase or decrease the aggregate number of authorized shares of Class A Common Stock, increase or decrease the par value of the shares of Class A Common Stock, or alter or change the powers, preferences, or special rights of the shares of Class A Common Stock so as to affect them adversely or (ii) to provide for each share of Class B Common Stock to have more than twenty (20) votes per share or any rights to a separate class vote of the holders of shares of Class B Common Stock other than as provided by this Certificate of Incorporation or required by the DGCL. For the avoidance of doubt, nothing in the immediately preceding provisos shall limit the rights of the Board of Directors as specified in Article FOURTH, Section B or Article TENTH of this Certificate of Incorporation.

THIRTEENTH:

To the fullest extent permitted by Section 122(17) of the DGCL (or any successor provision) and except as may be otherwise expressly agreed in writing by the Corporation and Access, the Corporation, on behalf of itself and its subsidiaries, renounces and waives any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, directly or indirectly, any potential transactions, matters or business opportunities (including, without limitation, any business activities or lines of business that are the same as or similar to those pursued by, or competitive with, the Corporation or any of its subsidiaries or any dealings with customers or clients of the Corporation or any of its subsidiaries) that are from time to time presented to Access or any of its respective officers, directors, employees, agents, stockholders, members, partners, affiliates or subsidiaries (other than the Corporation and its subsidiaries), even if the transaction, matter or opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so. Neither Access nor its respective officers, directors, employees, agents, stockholders, members, partners, affiliates or subsidiaries shall, to the fullest extent provided by law, be liable to the Corporation or any of its subsidiaries for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such Person pursues, acquires or participates in such business opportunity, directs such business opportunity to another Person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries, unless, in the case of any such Person who is a director or officer of the Corporation, such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as a director or officer of the Corporation. Any Person purchasing or otherwise acquiring any interest in any shares of capital stock of the Corporation shall be deemed to have notice of and have consented to the provisions of this Article THIRTEENTH. Neither the alteration, amendment or repeal of this Article THIRTEENTH, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article THIRTEENTH, nor, to the fullest extent permitted by Delaware law, any modification of law, shall eliminate or reduce the effect of this Article THIRTEENTH in respect of any business opportunity first identified or any other matter occurring, or any cause of action, suit or claim that, but for this Article THIRTEENTH, would accrue or arise, prior to such alteration, amendment, repeal, adoption or modification. If any provision or provisions of this Article THIRTEENTH shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (a) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article THIRTEENTH (including, without limitation, each portion of any paragraph of this Article THIRTEENTH containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (b) to the fullest extent possible, the provisions of this Article THIRTEENTH (including, without limitation, each such portion of any paragraph of this Article THIRTEENTH containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law. This Article THIRTEENTH shall not limit any protections or defenses available to, or indemnification or advancement rights of, any director or officer of the Corporation under this Certificate of Incorporation, the Bylaws, applicable law, any agreement or otherwise.

FOURTEENTH:

The Corporation elects not to be governed by Section 203 of the DGCL ("**Section 203**"), as permitted under and pursuant to subsection (b)(3) of Section 203, until the first date on which Access ceases to Beneficially Own (directly or indirectly) at least five percent (5%) of the then-outstanding shares of

Common Stock. From and after such date, the Corporation shall be governed by Section 203 so long as Section 203 by its terms would apply to the Corporation.

FIFTEENTH:

For so long as the Stockholder Agreement (as defined under Article SEVENTH of this Certificate of Incorporation) is in effect, the provisions of the Stockholder Agreement shall be incorporated by reference into and govern the relevant provisions hereof, and such provisions shall be interpreted and applied in a manner consistent with the terms of the Stockholder Agreement.

SIXTEENTH:

To the fullest extent permitted by applicable law, if any provision of this Certificate of Incorporation becomes or is declared on any ground by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Certificate of Incorporation, and the court shall replace such illegal, void or unenforceable provision of this Certificate of Incorporation with a valid and enforceable provision that most accurately reflects the Corporation's intent, in order to achieve, to the maximum extent possible, the same economic, business and other purposes of the illegal, void or unenforceable provision. To the fullest extent permitted by applicable law, the balance of this Certificate of Incorporation shall be enforceable in accordance with its terms.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Incorporation to be executed on its behalf this 29th day of May, 2020.

WARNER MUSIC GROUP CORP.

By: /s/ Paul M. Robinson
Name: Paul M. Robinson
Title: Executive Vice President and General Counsel and Secretary

[Signature Page to Fourth Amended and Restated Certificate of Incorporation]

Exhibit 3.2

WARNER MUSIC GROUP CORP.

FOURTH AMENDED AND RESTATED BYLAWS

Effective May 29, 2020

WARNER MUSIC GROUP CORP.

FOURTH AMENDED AND RESTATED BYLAWS

Table of Contents

ARTICLE I

MEETING OF STOCKHOLDERS

ARTICLE II

BOARD OF DIRECTORS

WARNER MUSIC GROUP CORP.
FOURTH AMENDED AND RESTATED BYLAWS

Effective May 29, 2020

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1.01. Annual Meetings. An annual meeting of the stockholders of Warner Music Group Corp. (the "Corporation") for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held each year either within or without the State of Delaware on such date and at such place, if any, and time as are designated by resolution of the Corporation's board of directors (the "Board").

Section 1.02. Special Meetings. Special meetings of the stockholders of the Corporation may be called only in the manner set forth in the certificate of incorporation of the Corporation as then in effect (as the same may be amended from time to time, the "Certificate of Incorporation"). Except as otherwise required by law, the business conducted at a special meeting of stockholders of the Corporation shall be limited exclusively to the business set forth in the Corporation's notice of meeting, and the individual or group calling such meeting shall have exclusive authority to determine the business included in such notice. Any special meeting of the stockholders shall be held either within or without the State of Delaware, at such place, if any, and on such date and time, as shall be specified in the notice of such special meeting.

Section 1.03. Participation in Meetings by Remote Communication. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the General Corporation Law of the State of Delaware, as amended from time to time (the "DGCL"), and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication; provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 1.04. Notice of Meetings; Waiver of Notice.

(a) The Secretary or any Assistant Secretary shall cause notice of each meeting of stockholders to be given in a manner permitted by the DGCL, unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, not less than 10 days nor more than 60 days prior to the meeting to each stockholder of record entitled to vote at such meeting, subject to such exclusions as are then permitted by the DGCL. The notice shall specify (i) the place, if any, date and time of such meeting, (ii) the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, (iii) in the case of a special meeting, the purpose or purposes for which such meeting is called, and (iv) such other information as may be required by law or as may be deemed appropriate by the officer calling the meeting, or the Board. Notice shall be deemed to have been given to all stockholders of record who share an address if notice is given in accordance with the "householding" rules set forth in Rule 14a-3(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 233 of the DGCL. If the stockholder list referred to in Section 1.06 of these Bylaws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting.

(b) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws may be given in writing directed to the stockholder's mailing address (or by electronic transmission directed to the stockholder's electronic mail address, as applicable) as it appears on the records of the Corporation. Notice shall be given (i) if mailed, when deposited in the United States mail, postage prepaid, (ii) if delivered by courier service, the earlier of when the notice is received or left at the stockholder's address, or (iii) if given by electronic mail, when directed to such stockholder's electronic mail address (unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by the DGCL to be given by electronic transmission). A notice by electronic mail must include a prominent legend that the communication is an important notice regarding the Corporation. A notice by electronic mail will include any files attached thereto and any information hyperlinked to a website if such electronic mail includes the contact information of an officer or agent of the Corporation who is available to assist with accessing such files or information. Any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws provided by means of electronic transmission (other than any such notice given by electronic mail) may only be given in a form consented to by such stockholder, and any such notice by such means of electronic transmission shall be deemed to be given as provided by the DGCL. The terms "electronic mail," "electronic mail address," "electronic signature" and "electronic transmission" as used herein shall have the meanings ascribed thereto in the DGCL. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by personal delivery, by mail or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(c) A written waiver of notice of meeting signed by a stockholder or a waiver by electronic transmission by a stockholder, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Attendance of a stockholder at a meeting is a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

Section 1.05. Proxies.

(a) Each stockholder entitled to vote at a meeting of stockholders or to express consent to or dissent from corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy.

(b) A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by any reasonable means, including but not limited to by facsimile signature, or by transmitting or authorizing an electronic transmission (as defined in Section 7.09 of these Bylaws) setting forth an authorization to act as proxy to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. Proxies by electronic transmission must either set forth, or be submitted with, information from which it can be determined that the electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of the document (including any electronic transmission) created pursuant to this section may be substituted or used in lieu of the original document for any and all purposes for which the original document could be used if such copy, facsimile telecommunication or other reproduction is a complete reproduction of the entire original document.

(c) No proxy may be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary.

Section 1.06. Voting Lists. The Corporation shall prepare, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, unless the record date for determining the stockholders entitled to vote is less than 10 days before the meeting, in which case the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date. This list shall be open to the examination of any stockholder prior to and during the meeting for any purpose germane to the meeting as required by the DGCL or other applicable law. The list may be made available on a reasonably accessible electronic network, provided the information required to gain access to such list is provided with the notice of the meeting or may be made available during ordinary business hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. The stock ledger shall be the only evidence as to who are the

stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of stockholders.

Section 1.07. Quorum. Except as otherwise required by law or by the Certificate of Incorporation, the presence in person or by proxy of the holders of record of a majority of the total combined voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting.

Section 1.08. Voting. Unless otherwise provided by the Certificate of Incorporation, every holder of record of shares entitled to vote at a meeting of stockholders is entitled to one vote for each share outstanding in his or her name on the books of the Corporation (x) at the close of business on the record date for such meeting, or (y) if no record date has been fixed, at the close of business on the day next preceding the day on which notice of the meeting is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. All matters at any meeting at which a quorum is present, other than the election of directors, shall be decided by the affirmative vote of the holders of a majority of the total combined voting power of the then-outstanding shares of capital stock of the Corporation present in person or represented by proxy at the meeting and entitled to vote on the subject matter, unless a different or minimum vote is otherwise expressly provided by provision of the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or any law or regulation applicable to the Corporation or its securities, in which case such different or minimum vote shall be the applicable vote on the matter. Subject to the rights of the holders of any class or series of preferred stock to elect additional directors under specific circumstances, as may be set forth in the certificate of designations for such class or series of preferred stock, the election of directors shall be decided by the affirmative vote of the holders of at least a plurality of the votes of the then-outstanding shares of common stock present in person or represented by proxy at the meeting and entitled to vote in an election of directors, unless otherwise expressly provided by the Certificate of Incorporation. The stockholders do not have the right to cumulate their votes for the election of directors.

Section 1.09. Adjournment. Any meeting of stockholders may be adjourned from time to time, by the chairperson of the meeting or by the vote of the holders of a majority of the total combined voting power of the then-outstanding shares of capital stock of the Corporation present in person or represented by proxy at the meeting, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the place, if any, and date and time thereof (and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting) are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than 30 days or a new record date is fixed for the adjourned meeting after the adjournment, in which case notice of the adjourned meeting in accordance with Section 1.04 of these Bylaws shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

Section 1.10. Organization; Procedure. The Chairman of the Board shall preside over each meeting of stockholders. If the Chairman of the Board is absent or disabled, the presiding officer shall be selected by the Board or, failing action by the Board, by holders of a majority of

the total combined voting power of the then-outstanding shares of capital stock of the Corporation present in person or represented by proxy. The Secretary, or in the event of his or her absence or disability, an appointee of the presiding officer, shall act as secretary of the meeting. The Board may make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to any such rules and regulations, the presiding officer of any meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe rules, regulations and procedures for such meeting and to take all such actions as in the judgment of the presiding officer are appropriate for the proper conduct of such meeting. . Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding officer of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding officer at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding officer should so determine, such presiding officer shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the presiding officer of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.11. Consent of Stockholders in Lieu of Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation and until the first date on which the Access Affiliated Group (as defined below) ceases to beneficially own (directly or indirectly) more than fifty percent (50%) of the total combined voting power of the then-outstanding shares of voting stock of the Corporation (the "Majority Holder Date"), any action required or permitted to be taken at an annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, are (i) signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and (ii) delivered to the Corporation by delivery to its registered office in Delaware, to its principal place of business or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded within 60 days of the first date on which a written consent is so delivered to the Corporation. As used herein, "Access Affiliated Group" means Access Industries, LLC ("Access"), Len Blavatnik, the Blavatnik Family Foundation LLC, any direct or indirect equityholder of Access, any family member of any direct or indirect equityholder of Access, entities controlled, directly or indirectly, or managed, directly or indirectly, by Access or an affiliate of Access, and any affiliate or Permitted Transferee (as defined in the Certificate of Incorporation) of any of the foregoing, including any affiliate of any Permitted Transferee (which definition of Access

Affiliated Group shall be amended to the extent the definition of "Access" in the Certificate of Incorporation is amended by an amendment to the Certificate of Incorporation or otherwise).

(b) If a stockholder consent is to be given without a meeting of stockholders, and the Board has not fixed a record date for the purpose of determining the stockholders entitled to participate in such consent, then: (i) if the DGCL does not require action by the Board prior to the proposed stockholder action, the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation at any of the locations referred to in Section 1.11(a)(ii); and (ii) if the DGCL requires action by the Board prior to the proposed stockholder action, the record date shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

(c) The Secretary shall give prompt notice of the taking of an action without a meeting by less than unanimous written consent to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation in accordance with the DGCL.

Section 1.12. Notice of Stockholder Proposals and Nominations.

(a) *Annual Meetings of Stockholders*.

(i) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (A) pursuant to the Corporation's notice of the meeting (or any supplement thereto) delivered pursuant to Section 1.04 of these Bylaws, (B) by or at the direction of the Board or a committee of the Board appointed by the Board for such purpose, which shall be in accordance with the terms and conditions of the Stockholder Agreement, between the Corporation and Access, dated as of May 29, 2020, to be effective as of the date of the initial listing of the common stock on the New York Stock Exchange (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "Stockholder Agreement"), or (C) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in clauses (ii) and (iii) of this Section 1.12(a) and who is a stockholder of record at the time such notice is delivered to the Secretary and at the date of the meeting, subject to paragraph (c)(ii)(D) of this Section 1.12.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to subclause (C) of Section 1.12(a)(i) of these Bylaws, the stockholder must have given timely notice thereof in writing to the Secretary and, in the case of business other than nominations for persons for election to the Board, such other business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the first anniversary of the preceding year's annual meeting (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its

shares of common stock are first publicly traded, be deemed to have occurred on March 9, 2020); provided, however, that in the event that the date of the annual meeting is advanced by more than thirty (30) days or delayed by more than seventy (70) days from such anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred and twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (A) as to each person whom the stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, including such person's written consent to being named in the Corporation's proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these Bylaws, the text of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (1) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner; (2) the class or series and number of shares of capital stock of the Corporation which are owned, directly or indirectly, beneficially and of record by such stockholder and such beneficial owner; (3) a representation that the stockholder is a holder of record of the stock of the Corporation at the time of giving the notice, will be entitled to vote at such meeting and will appear in person or by proxy at the meeting to propose such business or nomination; (4) a representation whether the stockholder or the beneficial owner, if any, will be or is part of a group which will (x) deliver a proxy statement and/or form of proxy to holders of at least the percentage of total combined voting power of the then-outstanding shares of capital stock of the Corporation required to approve or adopt the proposal or elect the nominee and/or (y) otherwise solicit proxies from stockholders in support of such proposal or nomination; and (5) a certification regarding whether such stockholder and beneficial owner, if any, have complied with all applicable federal, state and other legal requirements in connection with the stockholder's and/or beneficial owner's acquisition of shares of capital stock or other securities of the Corporation and/or the stockholder's and/or beneficial owner's acts or omissions as a stockholder of the Corporation. Notice of a stockholder nomination or proposal shall also set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (A) a description of any agreement, arrangement or understanding with respect to the nomination or proposal and/or the voting of shares of any class or series of stock of the Corporation between or among the stockholder giving notice, beneficial owner, if any, on whose behalf the nomination or proposal is made, any

of their respective affiliates or associates and/or other person or persons (including their names) acting in concert with any of the foregoing (collectively, the "proponent persons"); (B) a description of any agreement, arrangement or understanding (including, without limitation, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) to which any proponent person is a party, the effect or intent of which is to transfer to or from any proponent person, in whole or in part, any of the economic consequences of ownership of any security of the Corporation, to increase or decrease the voting power of any proponent person with respect to shares of any class or series of stock of the Corporation and/or to provide any proponent person, directly or indirectly, with the opportunity to profit or share in any profit derived from, or to otherwise benefit economically from, any increase or decrease in the value of any security of the Corporation (a "Derivative Instrument"); (C) to the extent not disclosed pursuant to the immediately preceding clause (B), the principal amount of any indebtedness of the Corporation or any of its subsidiaries beneficially owned by such stockholder or beneficial owner, if any, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Instrument entered into by or on behalf of such stockholder or such beneficial owner relating to the value or payment of any indebtedness of the Corporation or any such subsidiary; and (D) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal (other than a nomination) at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act, and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. A stockholder providing notice of a proposed nomination for election to the Board or other business proposed to be brought before a meeting (whether given pursuant to this paragraph (a)(ii) or paragraph (b) of this Section 1.12 of these Bylaws) shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true and correct (x) as of the record date for determining the stockholders entitled to notice of the meeting and (y) as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement thereof, provided that if the record date for determining the stockholders entitled to vote at the meeting is less than fifteen (15) days prior to the meeting or any adjournment or postponement thereof, the information shall be supplemented and updated as of such later date. Any such update and supplement shall be delivered in writing to the Secretary at the principal executive offices of the Corporation not later than five (5) days after the record date for determining the stockholders entitled to notice of the meeting (in the case of any update and supplement required to be made as of the record date for determining the stockholders entitled to notice of the meeting), not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the

case of any update or supplement required to be made as of fifteen (15) days prior to the meeting or adjournment or postponement thereof) and not later than five (5) days after the record date for determining the stockholders entitled to vote at the meeting, but no later than the date prior to the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of a date less than fifteen (15) days prior the date of the meeting or any adjournment or postponement thereof). The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation and to determine the independence of such director under the Exchange Act and rules and regulations thereunder and applicable stock exchange rules. In addition, a stockholder seeking to bring an item of business before the annual meeting shall promptly provide any other information reasonably requested by the Corporation.

(iii) Notwithstanding anything in Section 1.12(a)(ii) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the Corporation at least one hundred (100) calendar days prior to the first anniversary of the preceding year's annual meeting (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of common stock are first publicly traded, be deemed to have occurred on March 9, 2020), then a stockholder's notice under this Section 1.12(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders*. Only such business as shall have been brought before the special meeting of the stockholders pursuant to the Corporation's notice of meeting shall be conducted at such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board or a committee appointed by the Board for such purpose or stockholders pursuant to Article EIGHTH, Section A of the Certificate of Incorporation or (2) provided that the Board or stockholders pursuant to Article EIGHTH, Section A of the Certificate of Incorporation has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Section 1.12(b) and who is a stockholder of record at the time such notice is delivered to the Secretary and at the date of the meeting, subject to paragraph (c)(ii)(D) of this Section 1.12. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors of the Corporation, any stockholder entitled to vote at such meeting may nominate a person or persons, as the case may be, for election to such position(s) as specified by the Corporation, if the stockholder's notice as required by Section 1.12(a)(ii) of these Bylaws shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the one hundred and twenty (120) days prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day

following the day on which public announcement is first made of the date of the special meeting at which directors are to be elected.

(c) *General*.

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible to serve as directors and only such business shall be conducted at an annual or special meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.12. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, the presiding person of a meeting of stockholders shall have the power and duty (x) to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 1.12 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made, solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (a)(ii)(C)(4) of this Section 1.12), and (y) if any proposed nomination or business is not in compliance with this Section 1.12, to declare that such defective nomination shall be disregarded or that such proposed business shall not be transacted.

(ii) If the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 1.12 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and/or the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 1.12, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders, and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(A) Whenever used in these Bylaws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(B) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.12. Nothing in this Section 1.12 shall be deemed to affect any rights of (x) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (y) the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation or of the relevant preferred stock certificate of designations.

(C) The announcement of an adjournment or postponement of an annual or special meeting does not commence a new time period (and does not extend any time period) for the giving of notice of a stockholder nomination or a stockholder proposal as described above.

(D) Notwithstanding anything to the contrary contained in this Section 1.12, for as long as the Stockholder Agreement remains in effect, Access shall not be subject to the notice procedures set forth in this Section 1.12 with respect to any annual or special meeting of stockholders.

ARTICLE II

BOARD OF DIRECTORS

Section 2.01. General Powers. Except as may otherwise be provided by law or by the Certificate of Incorporation, the affairs and business of the Corporation shall be managed by or under the direction of the Board. The directors shall act only as a Board, and the individual directors shall have no power as such.

Section 2.02. Number and Term of Office. Subject to any rights of the holders of shares of any series of preferred stock to elect additional directors, any requirements of the Certificate of Incorporation and the terms of the Stockholder Agreement, the number of directors shall be fixed, and may be altered from time to time, exclusively by resolution of the Board, but in no event may the number of directors of the Corporation be less than one (1). Each director (whenever elected) shall hold office until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation or removal.

Section 2.03. Election of Directors. Except as otherwise provided in Section 2.14 of these Bylaws, at each meeting of the stockholder for the election of directors, provided a quorum is present, the directors shall be elected as provided in Section 1.08 of these Bylaws.

Section 2.04. Regular Meetings. Regular meetings of the Board shall be held on such dates and at such times and places as are determined from time to time by resolution of the Board.

Section 2.05. Special Meetings. Special meetings of the Board shall be held whenever called by the Chairman of the Board or the Chief Executive Officer and President, or by the Secretary, or by a majority of the directors then in office, at such place, date and time as may be specified in the respective notices or waivers of notice of such meetings. Any business may be conducted at a special meeting.

Section 2.06. Notice of Meetings; Waiver of Notice.

(a) Notices of special meetings shall be given to each director, and notice of each resolution or other action affecting the date, time or place of one or more regular meetings shall be given to each director not present at the meeting adopting such resolution or other action, subject to Section 2.09 of these Bylaws. Notices shall be given personally, or by telephone, or by facsimile or email, directed to each director at the address from time to time designated by such

director to the Secretary. Each such notice must be given at least 24 hours prior to the time of a special meeting.

(b) A written waiver of notice of meeting signed by a director or a waiver by electronic transmission by a director, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Attendance of a director at a meeting is a waiver of notice of such meeting, except when the director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

Section 2.07. Quorum; Voting. At all meetings of the Board, the presence of a majority of the total authorized number of directors shall constitute a quorum for the transaction of business. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board.

Section 2.08. Action by Telephonic Communications. Members of the Board may participate in a meeting of the Board by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 2.09. Adjournment. A majority of the directors present may adjourn any meeting of the Board to another date, time or place, whether or not a quorum is present. No notice need be given of any adjourned meeting unless (a) the date, time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.06 of these Bylaws applicable to special meetings shall be given to each director, or (b) the meeting is adjourned for more than 24 hours, in which case the notice referred to in clause (a) shall be given to those directors not present at the announcement of the date, time and place of the adjourned meeting.

Section 2.10. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing or by electronic transmission. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of proceedings of the Board in the same paper or electronic form as the minutes are maintained.

Section 2.11. Regulations. To the extent consistent with applicable law, the Certificate of Incorporation and these Bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board may deem appropriate. The Board may elect from among its members one or more chairpersons or vice-chairpersons to preside over meetings and to perform such other duties as may be designated by the Board.

Section 2.12. Resignations of Directors. Any director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, to the Chairman of the Board or the Secretary. Such resignation shall take effect upon delivery unless

the resignation specifies a later effective date or an effective date determined upon the happening of a specified event.

Section 2.13. Removal of Directors. Directors may only be removed in the manner set forth in the Certificate of Incorporation.

Section 2.14. Vacancies and Newly Created Directorships. Any vacancies or newly created directorships shall be filled as set forth in the Certificate of Incorporation and in accordance with the terms and conditions of the Stockholder Agreement. A director elected to fill a vacancy or a newly created directorship shall hold office until his or her successor has been elected and qualified or until his or her earlier death, resignation or removal.

Section 2.15. Compensation. The directors shall be entitled to compensation for their services. The Board may by resolution determine the expenses in the performance of such services for which a director is entitled to reimbursement.

Section 2.16. Reliance on Accounts and Reports, etc. A director, as such or as a member of any committee of the Board, shall in the performance of his or her duties be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 2.17. Chairman of the Board. A Chairman of the Board shall be appointed by a majority of the directors of the Board in accordance with the terms and conditions of the Stockholder Agreement. Subject to the terms of the Certificate of Incorporation and the Stockholder Agreement, the Chairman of the Board shall have the power to call special meetings of stockholders and to call special meetings of the Board. If present, the Chairman of the Board shall preside at meetings of the stockholders and of the Board. The Chairman of the Board shall have such other powers and duties customarily and usually associated with the office of chairman of the board of directors, as well as any additional powers and duties as may be from time to time assigned to him or her by the Board.

ARTICLE III

COMMITTEES

Section 3.01. Designation of Committees. The Board shall have an audit committee, a compensation committee, a nominating committee and, until the Majority Holder Date, an executive committee. Subject to the terms and conditions of the Stockholder Agreement, the Board may from time to time establish additional committees of its members. Each committee shall consist of such number of directors as from time to time may be fixed by the Board, and shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation to the extent delegated to such committee by the Board but no committee shall have the power or authority (a) as to approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, (b) as to

adopting, amending or repealing any of these Bylaws or (c) as may otherwise be excluded by law or by the Certificate of Incorporation, and no committee may delegate any of its power or authority to a subcommittee unless so authorized by the Board. Following the Majority Holder Date, the Board shall dissolve the executive committee.

Section 3.02. Members and Alternate Members. The members of each committee and any alternate members shall be selected by the Board. The Board may provide that the members and alternate members serve at the pleasure of the Board. An alternate member may replace any absent or disqualified member at any meeting of the committee. An alternate member shall be given all notices of committee meetings, may attend any meeting of the committee, but may count towards a quorum and vote only if a member for whom such person is an alternate is absent or disqualified.

Section 3.03. Committee Procedures. A quorum for each committee shall be a majority of its members, unless the committee has only one or two members, in which case a quorum shall be one member, or unless a greater quorum is established by the Board. The vote of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. Each committee shall keep regular minutes of its meetings and report to the Board when required. The Board may adopt other rules and regulations for the government of any committee not inconsistent with the provisions of these Bylaws, and each committee may adopt its own rules and regulations of government, to the extent not inconsistent with these Bylaws or rules and regulations adopted by the Board.

Section 3.04. Meetings and Actions of Committees. Meetings and actions of each committee shall be governed by, and held and taken in accordance with, the provisions of the following sections of these Bylaws, with such Bylaws being deemed to refer to the committee and its members in lieu of the Board and its members:

(a) Section 2.04 (to the extent relating to place and time of regular meetings);

(b) Section 2.05 (relating to special meetings);

(c) Section 2.06 (relating to notice and waiver of notice);

(d) Sections 2.08 and 2.10 (relating to telephonic communication and action without a meeting); and

(e) Section 2.09 (relating to adjournment and notice of adjournment).

Special meetings of committees may also be called by resolution of the Board.

Section 3.05. Resignations and Removals. Any member (and any alternate member) of any committee may resign from such position at any time by delivering a written notice of resignation or a resignation by electronic transmission, to the Chairman of the Board or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any member (and any alternate member) of any committee may be removed from such position by the Board at any time, either for or without cause.

Section 3.06. Vacancies. If a vacancy occurs in any committee for any reason, the remaining members (and any alternate members) may continue to act if a quorum is present. A committee vacancy may be filled only by the Board, subject to Section 3.01 of these Bylaws, and for so long as the Stockholder Agreement is in effect, the terms and conditions of the Stockholder Agreement.

ARTICLE IV

OFFICERS

Section 4.01. Officers. The Board shall elect a Chief Executive Officer and President (which offices may be held by the same person) and a Secretary as officers of the Corporation. The Board may also elect a Treasurer, one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers, and such other officers and agents as the Board may determine. In addition, the Board from time to time may delegate to any officer the power to appoint subordinate officers or agents and to prescribe their respective rights, terms of office, authorities and duties. Any action by an appointing officer may be superseded by action by the Board. Any number of offices may be held by the same person, except that one person may not hold both the office of Chief Executive Officer and President and the office of Secretary. No officer need be a director of the Corporation.

Section 4.02. Election. The officers of the Corporation elected by the Board shall serve at the pleasure of the Board. Officers and agents appointed pursuant to delegated authority as provided in Section 4.01 (or, in the case of agents, as provided in Section 4.06) shall hold their offices for such terms as may be determined from time to time by the appointing officer. Each officer shall hold office until his or her successor has been elected or appointed and qualified, or until his or her earlier death, resignation or removal.

Section 4.03. Compensation. The salaries and other compensation of all officers and agents of the Corporation shall be fixed by the Board or in the manner established by the Board.

Section 4.04. Removal and Resignation; Vacancies. Subject to the terms of the Stockholder Agreement, any officer may be removed for or without cause at any time by the Board. Any officer granted the power to appoint subordinate officers and agents as provided in Section 4.01 may remove any subordinate officer or agent appointed by such officer, for or without cause. Any officer or agent may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission, to the Board or the Chief Executive Officer and President. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, may be filled by the Board or by the officer, if any, who appointed the person formerly holding such office, in each case in accordance with the terms of the Stockholder Agreement.

Section 4.05. Authority and Duties of Officers. An officer of the Corporation shall have such authority and shall exercise such powers and perform such duties (a) as may be required by law, (b) to the extent not inconsistent with law, as are specified in these Bylaws, (c) to the extent not inconsistent with law or these Bylaws, as may be specified by resolution of the Board, and

(d) to the extent not inconsistent with any of the foregoing, as may be specified by the appointing officer with respect to a subordinate officer appointed pursuant to delegated authority under Section 4.01.

Section 4.06. Chief Executive Officer and President. The Chief Executive Officer and President shall be the chief executive officer and the chief operating officer of the Corporation, shall have general control and supervision of the policies and operations of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. Unless otherwise provided by the Board, he or she shall manage and administer the Corporation's business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer and a chief operating officer of a corporation. He or she shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation. He or she shall have the authority to cause the employment or appointment of such employees or agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend any employee or any agent employed or appointed by any officer or to suspend any agent appointed by the Board. The Chief Executive Officer and President shall have the duties and powers of the Treasurer if no Treasurer is elected and shall have such other duties and powers as the Board may from time to time prescribe. The Board may determine to bifurcate the role of Chief Executive Officer and President, in each case with such duties and powers as may be assigned to him or her from time to time by the Board. In the event the role of Chief Executive Officer and President are bifurcated as described in the foregoing sentence, references in these Bylaws to Chief Executive Officer and President shall refer only to the Chief Executive Officer.

Section 4.07. Vice Presidents. If one or more Vice Presidents have been elected, each Vice President shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the Board or the Chief Executive Officer and President. In the event of absence or disability of the Chief Executive Officer and President, the duties of the Chief Executive Officer and President shall be performed, and his or her powers may be exercised, by such Vice President as shall be designated by the Board or, failing such designation, by the Vice President in order of seniority of election to that office.

Section 4.08. Secretary. Unless otherwise determined by the Board, the Secretary shall have the following powers and duties:

(a) The Secretary shall keep or cause to be kept a record of all the proceedings of the meetings of the stockholders, the Board and any committees thereof in books provided for that purpose.

(b) The Secretary shall cause all notices to be duly given in accordance with the provisions of these Bylaws and as required by law.

(c) Whenever any committee shall be appointed pursuant to a resolution of the Board, the Secretary shall furnish a copy of such resolution to the members of such committee.

(d) The Secretary shall be the custodian of the records and of the seal of the Corporation and cause such seal (or a facsimile thereof) to be affixed to all certificates representing shares of the Corporation prior to the issuance thereof and to all documents and instruments that the Board or any officer of the Corporation has determined should be executed under seal, may sign (together with any other authorized officer) any such document or instrument, and when the seal is so affixed, he or she may attest the same.

(e) The Secretary shall properly maintain and file all books, reports, statements, certificates and all other documents and records required by law, the Certificate of Incorporation or these Bylaws.

(f) The Secretary shall have charge of the stock books and ledgers of the Corporation and shall cause the stock and transfer books to be kept in such manner as to show at any time the number of shares of stock of the Corporation of each class issued and outstanding, the names (alphabetically arranged) and the addresses of the holders of record of such shares, the number of shares held by each holder and the date as of which each such holder became a holder of record.

(g) The Secretary shall be authorized to sign certificates representing shares of the Corporation the issuance of which shall have been authorized by the Board.

(h) The Secretary shall perform, in general, all duties incident to the office of secretary and such other duties as may be specified in these Bylaws or as may be assigned to the Secretary from time to time by the Board or the Chief Executive Officer and President.

Section 4.09. Treasurer. Unless otherwise determined by the Board, the Treasurer, if there be one, shall be the chief financial officer of the Corporation and shall have the following powers and duties:

(a) The Treasurer shall have charge and supervision over and be responsible for the moneys, securities, receipts and disbursements of the Corporation, and shall keep or cause to be kept full and accurate records thereof.

(b) The Treasurer shall cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be determined by the Board or the Chief Executive Officer and President, or by such other officers of the Corporation as may be authorized by the Board or the Chief Executive Officer and President to make such determinations.

(c) The Treasurer shall cause the moneys of the Corporation to be disbursed by checks or drafts (signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board or the Chief Executive Officer and President may determine from time to time) upon the authorized depositaries of the Corporation and cause to be taken and preserved proper vouchers for all moneys disbursed.

(d) The Treasurer shall render to the Board or the Chief Executive Officer and President, whenever requested, a statement of the financial condition of the Corporation and of

the transactions of the Corporation, and render a full financial report at the annual meeting of the stockholders, if called upon to do so.

(e) The Treasurer shall be empowered from time to time to require from all officers or agents of the Corporation reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Corporation.

(f) The Treasurer shall be authorized to sign certificates representing shares of stock of the Corporation the issuance of which shall have been authorized by the Board.

(g) The Treasurer shall perform, in general, all duties incident to the office of treasurer and such other duties as may be specified in these Bylaws or as may be assigned to the Treasurer from time to time by the Board or the Chief Executive Officer and President.

ARTICLE V

CAPITAL STOCK

Section 5.01. Certificates of Stock; Uncertificated Shares. The shares of the Corporation shall be represented by certificates, except to the extent that the Board has provided by resolution or resolutions that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock in the Corporation represented by certificates shall be entitled to have a certificate signed by two authorized officers of the Corporation (it being understood that each of the Chief Executive Officer and President, a Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary shall be an authorized officer for such purpose), representing the number and class of shares registered in the name of such holder. Such certificate shall be in such form as the Board may determine, to the extent consistent with applicable law, the Certificate of Incorporation and these Bylaws.

Section 5.02. Facsimile Signatures. Any or all signatures on the certificates referred to in Section 5.01 of these Bylaws may be in facsimile form. If any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 5.03. Lost, Stolen or Destroyed Certificates. A new certificate may be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed only upon delivery to the Corporation of an affidavit of the owner or owners (or their legal representatives) of such certificate, setting forth such allegation, and a bond or other undertaking as may be satisfactory to a financial officer of the Corporation designated by the Board to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

Section 5.04. Transfer of Stock.

(a) Transfer of shares represented by certificates shall be made on the books of the Corporation upon surrender to the Corporation of a certificate for shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, and otherwise in compliance with applicable law. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall give to the registered owner thereof notice in writing or by electronic transmission containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) and 218(a) of the DGCL. Shares that are not represented by a certificate shall be transferred in accordance with applicable law. Subject to applicable law and the provisions of the Certificate of Incorporation, these Bylaws and the Stockholder Agreement, the Board may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation.

(b) The Corporation may enter into agreements with stockholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL.

Section 5.05. Registered Stockholders. Prior to due surrender of a certificate for registration of transfer, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interests. If a transfer of shares is made for collateral security, and not absolutely, this fact shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so.

Section 5.06. Transfer Agent and Registrar. The Board may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

ARTICLE VI

OFFICES

Section 6.01. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at the location provided in the Certificate of Incorporation.

Section 6.02. Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board may from time to time determine or as the business of the Corporation may require.

ARTICLE VII

GENERAL PROVISIONS

Section 7.01. Stockholder Agreement. For so long as the Stockholder Agreement is in effect, the provisions of the Stockholder Agreement (as defined in Section 1.12 of these Bylaws) shall be incorporated by reference into and govern the relevant provisions hereof, and such provisions shall be interpreted and applied in a manner consistent with the terms of the Stockholder Agreement.

Section 7.02. Dividends.

(a) Subject to any applicable provisions of law and the Certificate of Incorporation, dividends upon the shares of stock of the Corporation may be declared by the Board and any such dividend may be paid in cash, property or shares of the Corporation's stock out of its surplus, as defined in the DGCL, or in the case there shall be no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, or as otherwise permitted under the DGCL.

(b) A member of the Board, or a member of any committee designated by the Board, shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 7.03. Reserves. There may be set apart out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time may determine proper as a reserve or reserves for meeting contingencies, equalizing dividends, repairing or maintaining any property of the Corporation or for such other purpose or purposes as the Board may determine conducive to the interest of the Corporation, and the Board may similarly modify or abolish any such reserve.

Section 7.04. Execution of Instruments. Except as otherwise required by law or the Certificate of Incorporation, the Board or any officer of the Corporation authorized by the Board may authorize any other officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

Section 7.05. Voting as Stockholder. Unless otherwise determined by resolution of the Board, the Chief Executive Officer and President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of equityholders of any corporation or other entity in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the

ownership of such securities at any such meeting, or through action without a meeting. The Board may by resolution from time to time confer such power and authority (in general or confined to specific instances) upon any other person or persons.

Section 7.06. Fiscal Year. The fiscal year of the Corporation shall be as fixed by the Board.

Section 7.07. Seal. The seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware." The form of such seal shall be subject to alteration by the Board. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

Section 7.08. Books and Records; Inspection. Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places within or without the State of Delaware as may be determined from time to time by the Board.

Section 7.09. Electronic Transmission. "Electronic transmission," as used in these Bylaws, means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE VIII

AMENDMENT OF BYLAWS

Section 8.01. Amendment. Subject to the terms and conditions of the Stockholder Agreement and the provisions of the Certificate of Incorporation, these Bylaws may be amended, altered or repealed:

(a) by the affirmative vote of at least a majority of the directors then in office so long as a quorum is present at any special or regular meeting of the Board if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting, or

(b) (i) until the Majority Holder Date, by the affirmative vote of the holders of at least a majority of the total combined voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote at any annual or special meeting of stockholders if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting, or (ii) from and after the Majority Holder Date, by the affirmative vote of the holders of at least two-thirds (66 2⁄3%) of the total combined voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote at any annual or special meeting of stockholders if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

So long as the Stockholder Agreement remains in effect, the Board shall not approve any amendment, alteration or repeal of any provision of these Bylaws, or the adoption of any new bylaw, that would be contrary to or inconsistent with the terms and conditions of the Stockholder Agreement, or this sentence. Notwithstanding the foregoing, to the fullest extent permitted by law, no amendment to the Stockholder Agreement (whether or not such amendment modifies any provision of the Stockholder Agreement to which these Bylaws are subject) shall be deemed an amendment of these Bylaws for purposes of this Section 8.01.

ARTICLE IX

CONSTRUCTION

Section 9.01. Construction. In the event of any conflict between the provisions of these Bylaws as in effect from time to time and the provisions of the Certificate of Incorporation of the Corporation as in effect from time to time, the provisions of such Certificate of Incorporation shall be controlling.

Exhibit 10.1

STOCKHOLDER AGREEMENT

BETWEEN

WARNER MUSIC GROUP CORP.

AND

ACCESS INDUSTRIES, LLC

DATED AS OF MAY 29, 2020

STOCKHOLDER AGREEMENT

This Stockholder Agreement, dated as of May 29, 2020, is between Warner Music Group Corp., a Delaware corporation (the "**Company**"), and Access Industries, LLC, a Delaware limited liability company ("**Access**") (each a "**Party**" and, collectively, the "**Parties**").

RECITALS:

WHEREAS, the Access Affiliated Group is collectively the beneficial owner (as defined herein) of all of the issued and outstanding Common Stock (as defined herein) of the Company immediately prior to the date hereof;

WHEREAS, following Completion of the IPO (as defined herein), the Access Affiliated Group will collectively continue to beneficially own a majority of the total combined voting power of the Common Stock; and

WHEREAS, the Parties wish to set forth certain agreements that will govern certain matters between them following the Completion of the IPO;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions.

In this Agreement, the following terms shall have the following meanings:

"Access" has the meaning set forth in the preamble to this Agreement.

"Access Affiliated Group" means Access, Len Blavatnik, the Blavatnik Family Foundation LLC, any direct or indirect equityholder of Access, any family member of any direct or indirect equityholder of Access, entities controlled, directly or indirectly, or managed, directly or indirectly, by Access or an Affiliate of Access, and any Affiliate or Permitted Transferee of any of the foregoing, including any Affiliate of any Permitted Transferee.

"Access Designee" shall have the definition set forth in Section 2.1(a).

"Access-Designated Director" means each Access Designee who is thereafter elected or appointed to the Board of Directors. Any Access-Designated Director may, at the discretion of Access, be an Independent Director.

"Affiliate" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person directly or indirectly owning or controlling 10% or more of any class of outstanding voting securities of such Person or (iii) any officer, director, general partner or trustee of any such Person described in clause (i) or (ii).

"Agreement" and "hereof" and "herein" means this Stockholder Agreement, including all amendments, modifications and supplements and all annexes and schedules to any of the foregoing, and shall refer to this Stockholder Agreement as the same may be in effect at the time such reference becomes operative.

"Applicable Law" means any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, published regulatory policy or guideline, order, judgment, injunction, decree, award or writ of any court, tribunal or other regulatory authority, arbitrator, governmental authority, or other Person having jurisdiction, or any consent, exemption, approval or license of any governmental authority that applies in whole or in part to a Party and, with respect to the Company, includes the Exchange Act, the Securities Act, the DGCL, the rules of the SEC and the rules of the Exchange and any other exchange or quotation system on which the securities of the Company are listed or traded from time to time.

"Bankruptcy Laws" means Title 11 of the United States Code, as amended, and other Federal, State or foreign laws principally dealing with the liquidation, reorganization, administration, conservatorship or receivership of insolvent debtors.

"beneficial owner" or "beneficially own" has the meaning given such term in Rule 13d-3 under the Exchange Act and a Person's beneficial ownership of Common Stock or other voting securities of the Company shall be calculated in accordance with the provisions of such Rule.

"Board of Directors" means the board of directors of the Company.

"Capital Stock" means any and all shares or units of, rights to purchase, warrants or options for, or other equivalents of or interests in (however designated) the equity capital of a Person or a security convertible into or exchangeable for (whether or not such conversion or exchange is contingent or conditional) the equity capital of a Person.

"Cause" means (i) any willful or intentional act or omission having the effect of injuring the reputation, business or business or employment relationships of the Company or its Affiliates; (ii) any conviction of, or plea of *nolo contendere* to, a misdemeanor involving moral turpitude or a felony; (iii) with respect to any officer or employee, any breach of covenants contained in such officer's or employee's employment agreement with the Company; or (iv) with respect to any officer or employee, repeated or continuous failure, neglect or refusal to perform such officer's or employee's duties set forth under his or her employment agreement with the Company.

"CEO" means the Chief Executive Officer of the Company from time to time (or the equivalent successor position), as appointed by the Board of Directors.

"CFO" means the Chief Financial Officer of the Company from time to time (or the equivalent successor position), as appointed by the Board of Directors.

"control" (including the terms "controlling," "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or

management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

"Class A Common Stock" means the Class A common stock, par value $0.001 per share, of the Company.

"Class B Common Stock" means the Class B common stock, par value $0.001 per share, of the Company.

"Common Stock" means the Class A Common Stock and the Class B Common Stock, collectively.

"Company" has the meaning set forth in the preamble to this Agreement.

"Completion of the IPO" means the occurrence of the settlement of the first sale of Class A Common Stock pursuant to the IPO Registration Statement.

"DGCL" means the General Corporation Law of the State of Delaware, as amended from time to time.

"Director" means a member of the Board of Directors and "Directors" has a correlative meaning.

"Equity Awards" means a grant to a Director, employee or financial professional of the Company or one of its Subsidiaries of vested or unvested shares of Common Stock or restricted Common Stock, options to acquire shares of Common Stock, restricted stock units, "phantom" stock units or similar interests in the Company's common equity, in each case pursuant to an equity compensation plan approved by the Board of Directors.

"Exchange" means the principal exchange on which the Common Stock is listed.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"GAAP" means generally accepted accounting principles in the United States, as in effect from time to time.

"General Counsel" means the General Counsel of the Company from time to time (or the equivalent successor position).

"Independent Director" means a Director who is both (i) "independent" for Exchange purposes and (ii) "independent" for purposes of Rule 10A-3(b)(1) under the Exchange Act.

"IPO Registration Statement" means the Registration Statement on Form S-1, as amended, relating to the initial public offering of the Class A Common Stock.

"Party" and "Parties" have the respective meanings set forth in the preamble to this Agreement.

"Permitted Transferee" means (i) any member of the Access Affiliated Group, (ii) any family member of any direct or indirect equityholder of Access, (iii) any trust formed solely for the benefit of any direct or indirect equityholder of Access or such equityholder's family members, (iv) any partnership, corporation or other entity controlled by any direct or indirect equityholder of Access or such equityholder's family members for tax or estate planning purposes and (v) any foundation or charity affiliated with Access or any Permitted Transferee, so long as any direct or indirect equityholder of Access or a Permitted Transferee, or a fiduciary who is selected by Access or such equityholder or Permitted Transferee and whom Access or such equityholder or Permitted Transferee has the power to remove and replace, retains voting control over the shares transferred to such foundation or charity.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, association or other business entity and any trust, unincorporated organization or government or any agency or political subdivision thereof.

"Qualified Compensation Director" means a Director who is a "Non-Employee Director" as defined in Rule 16b-3(b)(3)(i) under the Exchange Act.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Subsidiary" of a Party shall mean any corporation, partnership, joint venture, limited liability company, association or other entity of which such Party has the ownership, directly or indirectly, of more than 50% of the voting securities or similar ownership interests, including any securities or similar ownership interests which are voting only upon the occurrence of a contingency where such contingency has occurred and is continuing. For purposes of this Agreement, (i) no investment fund, investment company, collective investment trust or similar vehicle sponsored, formed or seeded by the Company or any of its Subsidiaries shall be deemed to be a Subsidiary of the Company and (ii) the Company and its Subsidiaries shall not be deemed to be Subsidiaries of Access.

"Trigger Date" means the date on which the Access Affiliated Group first ceases to beneficially own at least 50% of the total combined voting power of the then-outstanding Common Stock.

"Wholly Owned Subsidiary" means a Subsidiary, 100% of the Capital Stock of which is owned, directly or indirectly, by a Party.

1.2 Timing of Provisions.

In this Agreement, any provision which applies "until" a specified date shall apply on such specified date, and shall cease to apply on the date immediately following such specified date.

ARTICLE II
CORPORATE GOVERNANCE

2.1 Board of Directors.

(a) As of the Completion of the IPO, the Board of Directors shall consist of 11 members, and Access shall have the right, but not the obligation, to designate for nomination by the Board of Directors, or the Nominating and Corporate Governance Committee thereof, a number of designees (each of which shall be designated an "Access Designee") equal to:

(i) all Directors comprising the Board of Directors (including such number of Independent Directors necessary to satisfy the independence requirements under applicable securities laws and the rules of the Exchange and other regulatory requirements) until the Trigger Date;

(ii) at least 40% of the total number of Directors comprising the Board of Directors at such time as long as the Access Affiliated Group beneficially owns at least 40% but less than 50% of the total combined voting power of the then-outstanding Common Stock;

(iii) at least 30% of the total number of Directors comprising the Board of Directors at such time as long as the Access Affiliated Group beneficially owns at least 30% but less than 40% of the total combined voting power of the then-outstanding Common Stock;

(iv) at least 20% of the total number of Directors comprising the Board of Directors at such time as long as the Access Affiliated Group beneficially owns at least 20% but less than 30% of the total combined voting power of the then-outstanding Common Stock; and

(v) at least 10% of the total number of Directors comprising the Board of Directors at such time as long as the Access Affiliated Group beneficially owns at least 10% but less than 20% of the total combined voting power of the then-outstanding Common Stock.

(b) For purposes of calculating the number of Access Designees that Access is entitled to designate for nomination pursuant to Section 2.1(a), any fractional amounts shall be rounded up to the nearest whole number and the calculation shall be made on a pro forma basis after taking into account any increase in the size of the Board of Directors.

(c) With respect to any vacancy of an Access-Designated Director, Access shall have the right to designate a new director for appointment by a majority of the remaining Directors then on the Board of Directors.

(d) Following the Trigger Date, Access may specify, in its sole discretion, by notice to the Company (which notice may be oral or in writing) which Directors are Access-Designated Directors.

(e) Until such time as the Access Affiliated Group first ceases to beneficially own at least 35% of the total combined voting power of the then-outstanding Common Stock, the

Company shall, and shall use its best efforts to cause the Board of Directors to, cause the Chairman of the Board of Directors to be an Access-Designated Director.

(f) Until such time as the Access Affiliated Group first ceases to beneficially own at least 10% of the total combined voting power of the then-outstanding Common Stock, the Company shall, and shall use its best efforts to cause the Board of Directors or the Nominating and Corporate Governance Committee thereof to, do each of the following:

(i) include the Access Designees in the slate of nominees recommended by the Board of Directors or the Nominating and Corporate Governance Committee thereof, and to use its best efforts to cause the election or appointment of each such Access Designee to the Board of Directors, including nominating such individuals to be elected or appointed as Access-Designated Directors as provided herein;

(ii) cause there to be on the Board of Directors at all times that number of Access-Designated Directors for which Access maintains designation rights pursuant to Section 2.1(a);

(iii) fill any vacancy on the Board of Directors created by the resignation, removal or incapacity of any Access-Designated Director with another Access-Designated Director candidate identified by Access, to the extent Access would at such time have designation rights for such Access-Designated Director candidate pursuant to Section 2.1(a);

(iv) not permit the removal of any Access-Designated Director without Access's consent, to the extent Access would at such time have designation rights for such Access-Designated Director pursuant to Section 2.1(a); and

(v) take all actions necessary to effectuate the matters set forth in Section 2.2 below.

2.2 Committees of the Board of Directors.

As of the Completion of the IPO, the Board of Directors shall have established an audit committee, compensation committee, nominating and corporate governance committee, finance committee and executive committee.

Until the Trigger Date, Access shall have the right to designate Access-Designated Directors for appointment to each of the foregoing committees, as well as any subsequently established committee(s); *provided* that the composition of any such committee shall comply with applicable law, rule or regulation, including those related to director independence. Following the Trigger Date, Access shall be entitled to representation on each such committee equal to the number of Access-Designated Director(s) that is as close as possible to Access's proportional voting power in the Company (with any fractional amounts to be rounded up to the nearest whole number); *provided* that there shall not at any time be fewer than one Access-Designated Director on each such committee.

ARTICLE III
INFORMATION RIGHTS AND ACCESS TO INFORMATION

3.1 Financial Information.

Upon written request of Access, the Company shall deliver, or cause to be delivered, to Access, the following information for so long as the Access Affiliated Group holds at least 10% of the total combined voting power of the then-outstanding Common Stock:

(a) Annual Reports. As soon as available after the end of each fiscal year of the Company, and in any event within ninety (90) days thereafter, an audited consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year, and the related consolidated statements of operations, (deficit) equity, comprehensive income (loss) and cash flows of the Company and its Subsidiaries for such year, together with all related notes and schedules thereto, prepared in accordance with GAAP consistently applied and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by the reports thereon of the Company's independent auditors.

(b) Quarterly Reports. As soon as available after the end of the first, second and third quarterly accounting periods in each fiscal year of the Company, and in any event within forty-five (45) days thereafter, an unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of each such quarterly period, and the related consolidated statements of operations, (deficit) equity, comprehensive income (loss) and cash flows of the Company and its Subsidiaries for such quarterly period and for the current fiscal year to date, together with all related notes and schedules thereto, prepared in accordance with GAAP consistently applied (subject to normal year-end audit adjustments and the absence of notes thereto) and setting forth in comparative form the figures for the corresponding periods of the previous fiscal year.

(c) Monthly Reports. As soon as available after the end of each month, and in any event within forty-five (45) days thereafter, an unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of each such monthly period, and the related consolidated statements of operations, (deficit) equity, comprehensive income (loss) and cash flows of the Company and its Subsidiaries for such monthly period and for the current fiscal year to date, prepared in accordance with GAAP consistently applied (subject to normal year-end audit adjustments and the absence of notes thereto). Unless Access requests in writing that the monthly reports described above be specifically provided, the Company shall be deemed to have satisfied the information delivery requirement in this Section 3.1(c) by providing monthly metrics prepared for the Board of Directors in form and substance substantially consistent with those prepared as of the date of this Agreement by the date described in the first sentence hereof.

(d) Budget, Business Plan and Financial Forecast. An annual budget, a business plan and financial forecasts for the Company for each fiscal year of the Company (the "Annual Budget"), no later than sixty (60) days after the end of the Company's immediately preceding fiscal year, in such manner and form as approved by the Board of Directors, which shall include at least a projection of income and a projected cash flow statement for each fiscal quarter in such fiscal year and a projected balance sheet as of the end of each fiscal quarter in such fiscal year, in each case prepared in reasonable detail, with appropriate presentation and discussion of the

principal assumptions upon which such budgets and projections are based, which shall be accompanied by the statement of the CEO or CFO or equivalent officer of the Company to the effect that such budget and projections are based on reasonable and good faith estimates and assumptions made by the management of the Company for the respective periods covered thereby; it being recognized by such holders that such budgets and projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by them may differ from the projected results. Any material changes in such Annual Budget shall be delivered to Access as promptly as practicable after such changes have been approved by the Board of Directors.

(e) Other Requested Information. With reasonable promptness, such other information and data (including such information and reports made available to any lender of the Company or any of its Subsidiaries under any credit agreement or otherwise) with respect to the Company and each of its Subsidiaries as may be necessary for such Person to comply with its respective reporting, regulatory, or other legal requirements and as may from time to time be reasonably requested by any such Person.

Notwithstanding anything to the contrary in this Section 3.1, the Company may satisfy its obligations hereunder by providing the specified reports, financial statements or other information, as applicable, to the SEC on EDGAR or otherwise making them publicly available.

3.1 Access to Information.

The Company shall, and shall cause its Subsidiaries, officers, Directors, employees, auditors and other agents to, afford to Access, until such time as the Access Affiliated Group first ceases to beneficially own at least 5% of the total combined voting power of the then-outstanding Common Stock, (i) during normal business hours and upon reasonable notice, reasonable access at all reasonable times to its officers, employees, auditors, legal counsel, properties, offices and other facilities and to all books and records, and (ii) the opportunity to discuss the affairs, finances and accounts of the Company and its Subsidiaries with their respective officers from time to time as Access may reasonably request upon reasonable notice.

ARTICLE IV
ACCESS APPROVAL AND CONSENT RIGHTS AND OTHER RIGHTS

4.1 Access Approval and Consent Rights.

(a) Until such time as the Access Affiliated Group first ceases to beneficially own at least 10% of the then-outstanding Common Stock, the Company shall not take any of the following actions, whether directly or indirectly through a Subsidiary, or through one or a series of related transactions, without the prior written consent of Access:

(i) any merger, consolidation or similar transaction (or any amendment to or termination of an agreement to enter into such a transaction) with or into any other Person whether in a single transaction or a series of related transactions, except any acquisition or disposition (whether through merger, consolidation or otherwise) involving consideration less than $25 million;

(ii) any acquisition or disposition of securities, assets or liabilities involving consideration or book value greater than $25 million;

(iii) any change in the authorized Capital Stock of the Company or the creation of any new class or series of Capital Stock of the Company;

(iv) any issuance or acquisition of Capital Stock (including stock buy-backs, redemptions or other reductions of capital), or securities convertible into or exchangeable or exercisable for Capital Stock or equity-linked securities, of the Company or any of its Subsidiaries, except:

(A) issuances of Equity Awards to Directors or employees pursuant to an equity compensation plan approved by the Board of Directors;

(B) issuances or acquisitions of Capital Stock of a Subsidiary of the Company to or by a Wholly Owned Subsidiary of the Company; and

(C) issuances or acquisitions of Capital Stock that the Board of Directors determines are necessary to maintain compliance with covenants contained in any debt instrument;

(v) any issuance or acquisition (including redemptions, prepayments, open market or negotiated repurchases or other transactions reducing the outstanding debt of the Company or any Subsidiary) of any debt security to or from a third party, in each case involving an aggregate principal amount exceeding $25 million;

(vi) any other incurrence of a debt obligation of the Company or any Subsidiary to or from a third party having a principal amount greater than $25 million;

(vii) entry into or termination of any joint venture or similar business alliance involving assets having a value exceeding $25 million;

(viii) listing or delisting of any securities of the Company or any of its Subsidiaries on a securities exchange, other than the listing or delisting of debt securities on the Exchange or any other securities exchange located solely in the United States;

(ix) (A) any action to increase or decrease the size of the Board of Directors, (B) the formation of, or delegation of authority to, any new committee, or subcommittee thereof, of the Board of Directors, (C) the delegation of authority to any existing committee or subcommittee thereof not set forth in the committee's charter or authorized by the Board of Directors prior to the Completion of the IPO or (D) any amendments to the charter (or equivalent authorizing document) of any committee, including any action

to increase or decrease size of any committee (whether by amendment or otherwise), except in each case as required by Applicable Law;

(x) any amendment (or approval or recommendation of any amendment) to the Company's certificate of incorporation or bylaws;

(xi) with respect to the Company or any Subsidiary, any filing or the making of any petition under Bankruptcy Laws, any general assignment for the benefit of creditors, any admission of an inability to meet obligations generally as they become due or any other act the consequence of which is to subject the Company or any Subsidiary to a proceeding under Bankruptcy Laws;

(xii) any dissolution or winding-up of the Company;

(xiii) the election, appointment, hiring, dismissal or removal of the Company's CEO, CFO or General Counsel;

(xiv) any material change in a significant accounting policy of the Company and any termination or change of the Company's independent auditor;

(xv) settlement of any litigation to which the Company or any of its subsidiaries is a party involving the payment by the Company or any of its subsidiaries of an amount equal to or greater than $15 million; or

(xvi) the creation or amendment of any stock option, employee stock purchase or similar equity-based plan for management or employees, or any increase in the number of shares of Common Stock reserved under such plan.

(b) With respect to any action for which Access has consent or approval rights under Article IV, the Company shall provide Access with a written notice describing the intended action and requesting Access's prior written consent or approval. The consent or approval of Access shall be evidenced in writing signed by a duly authorized officer of Access and shall be provided to the Company no later than five business days following receipt of the Company's notice. Notwithstanding the foregoing, Access may waive the foregoing notice requirement by approval of a majority of the Access-Designated Directors. In addition, notwithstanding the foregoing, until such time as the Access-Designated Directors no longer comprise a majority of the Directors on the Board of Directors or, in the case of any action requiring the consent of a committee of the Board of Directors, such committee, the approval of the Board of Directors or such committee shall be deemed a waiver of the Company's notice requirement and constitute the consent or approval of Access so long as the Access-Designated Director(s) on the Board of Directors or such committee who are also Access employees so approve.

4.2 Expenses.

Until such time as the Access Affiliated Group first ceases to beneficially own at least 35% of the total combined voting power of the then-outstanding Common Stock, the Company

shall, or shall cause one or more of its Subsidiaries to, pay directly, or reimburse Access for, its reasonable Out-of-Pocket Expenses (as defined below). For purposes of this Agreement, "Out-of-Pocket Expenses" shall mean the amounts actually paid by Access in cash in connection with the performance of any Services (as defined below) by Access on behalf of the Company or any of its Subsidiaries, including, without limitation, (i) fees and disbursements (including underwriting fees) of any independent auditors, outside legal counsel, consultants, investment bankers, financial advisors and other independent professionals or organizations, (ii) costs of any outside services or independent contractors such as financial printers, couriers, business publications or similar services, (iii) transportation, and (iv) telephone calls, word processing expenses or any similar expense not associated with Access's ordinary operations. All reimbursements for Out-of-Pocket Expenses shall be made promptly upon or as soon as practicable after presentation by Access to the Company of the statement in connection therewith. For purposes of this Agreement, "Services" shall mean (i) professional, advisory, consulting and oversight services relating to strategic planning, marketing and financial oversight of the operations of the Company and its Subsidiaries and any personnel matters, including in connection with the selection, retention and supervision of independent auditors, outside legal counsel, investment bankers or other advisors or consultants of the Company and its Subsidiaries and (ii) financial, advisory, investment banking or other services with respect to proposed transactions, including acquisitions or divestitures and public or private sales of debt or equity securities, which directly or indirectly involve the Company or its Subsidiaries.

4.3 Margin Loans and Other Pledges

Notwithstanding any other policy of the Company, including the Insider Trading Policy, any member of the Access Affiliated Group may enter into or borrow against any margin loan facility, borrow against any account that holds Common Stock or otherwise pledge or hypothecate its Common Stock as collateral for a loan at any time.

ARTICLE V
GENERAL PROVISIONS

5.1 Certificate of Incorporation and Bylaws.

The rights and obligations of Access with respect to the Company shall be determined pursuant to the DGCL, the Company's certificate of incorporation, the Company's bylaws and this Agreement. To the extent that the rights or obligations of Access are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement, to the extent permitted by the DGCL, shall control.

5.2 Notices.

Unless otherwise specified herein, all notices required or permitted to be given under this Agreement shall be in writing, shall refer specifically to this Agreement and shall be delivered personally, sent by a nationally recognized overnight courier service or sent by in the form of an electronic transmission (receipt confirmation requested), and shall be deemed to be effective upon delivery. All such notices shall be addressed to the receiving Party at such Party's address

or email address set forth below, or at such other address or email address as the receiving Party may from time to time furnish by notice as set forth in this Section 5.2:

If to the Company, to:

Warner Music Group Corp.
1633 Broadway, 7th Floor
New York, NY 10019
Attention: Paul Robinson, General Counsel
Telephone: (212) 275-2045
Email: Paul.Robinson@wmg.com

If to Access, to:

Access Industries, LLC
70 Fifth Avenue
New York, NY 10019
Attention: Alejandro Moreno
Telephone: (212) 247-6400
Email: amoreno@accind.com

5.3 Specific Performance; Remedies.

In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief. The Parties agree that the remedies at law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived.

5.4 Jurisdiction; Waiver of Jury Trial.

In any judicial proceeding involving any dispute, controversy or claim arising out of or relating to this Agreement, each of the Parties unconditionally accepts the jurisdiction and venue of the Court of Chancery of the State of Delaware or, if the Court of Chancery does not have subject matter jurisdiction over this matter, the Superior Court of the State of Delaware (Complex Commercial Division) or, if jurisdiction over the matter is vested exclusively in federal courts, the United States District Court for the District of Delaware, and the appellate courts to which orders and judgments thereof may be appealed. In any such judicial proceeding, the Parties agree that in addition to any method for the service of process permitted or required by such courts, to the fullest extent permitted by law, service of process may be made by delivery provided pursuant to the directions in Section 5.2. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY DISPUTE, CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

5.5 Governing Law.

This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Delaware applicable to contracts made and to be performed entirely within such State, without regard to the conflicts of law principles thereof to the extent that such principles would apply the law of another jurisdiction.

5.6 Severability.

In the event that any provision of this Agreement is declared invalid, void or unenforceable, the remainder of this Agreement shall remain in full force and effect, and such invalid, void or unenforceable provision shall be interpreted in a manner that accomplishes, to the extent possible, the original purpose of such provision.

5.7 Amendment, Modification and Waiver.

This Agreement may be amended, modified or supplemented at any time by written agreement of the Parties. Any failure of any Party to comply with any term or provision of this Agreement may be waived by the other Party, by an instrument in writing signed by such Party, but such waiver or failure to insist upon strict compliance with such term or provision shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure to comply.

5.8 Assignment.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns. Except for any assignment or transfer by Access to a Permitted Transferee, neither Party shall assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other Party. Any purported assignment in violation of this Section shall be null and void *ab initio*.

5.9 Further Assurances.

In addition to the actions specifically provided for elsewhere in this Agreement, each Party shall execute and deliver such additional documents, instruments, conveyances and assurances, take, or cause to be taken, all actions and do, or cause to be done, all things reasonably necessary, proper or advisable to carry out the provisions of this Agreement. To the fullest extent permitted by law, the Company shall not directly or indirectly take any action that is intended to, or would reasonably be expected to result in, Access being deprived of the rights contemplated by this Agreement.

5.10 Third-Party Beneficiaries.

Except as expressly set forth elsewhere in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any Person, other than the Parties and their respective successors and assigns, any rights or remedies under or by reason of this Agreement. Only the Parties that are signatories to this Agreement (and their respective permitted successors and assigns) shall have any obligation or liability under, in connection with, arising out of, resulting from or in any way related to this Agreement or any other matter contemplated hereby,

or the process leading up to the execution and delivery of this Agreement and the transactions contemplated hereby, subject to the provisions of this Agreement.

5.11 Discretion of Parties.

Where this Agreement requires or permits any Party to make or take any decision, determination or action with respect to matters governed by this Agreement, unless expressly provided otherwise, such decision, determination or action may be made or taken by such Party in its sole and absolute discretion.

5.12 Entire Agreement.

This Agreement embodies the entire agreement and understanding of the Parties in respect of the subject matter covered by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein. This Agreement supersedes all prior oral and written agreements and understandings between the Parties with respect to such subject matter.

5.13 Term.

Except to the extent set forth in the following sentence, this Agreement shall terminate and be of no further force or effect as of the date that is one year following the date when the Access Affiliated Group first ceases to beneficially own at least 5% of the total combined voting power of the then-outstanding Common Stock. Notwithstanding the foregoing sentence, the provisions of Article I and Article V hereof shall survive termination of this Agreement.

5.14 Titles and Subtitles.

The titles of the articles, sections and subsections of this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

5.15 No Recourse.

This Agreement may only be enforced against, and any claims or cause of action that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement may only be made against, the entities that are expressly identified as Parties and no past, present or future Affiliate, Director, officer, employee, incorporator, member, manager, partner, stockholder, agent, attorney or representative of any Party shall have any liability for any obligations or liabilities of the Parties or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

5.16 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. The counterparts of this Agreement may be executed and delivered by facsimile or other electronic imaging means (including in pdf or tif format sent by electronic mail) by a Party to the other

Party and the receiving Party may rely on the receipt of such document so executed and delivered by facsimile or other electronic imaging means as if the original had been received.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have caused this Stockholder Agreement to be executed and delivered as of the date first above written.

ACCESS INDUSTRIES, LLC

By: Access Industries Management, LLC
Its Manager

By: /s/ Alejandro Moreno
Name: Alejandro Moreno
Title: Executive Vice President

By: /s/ Alex Blavatnik
Name: Alex Blavatnik
Title: Executive Vice President

WARNER MUSIC GROUP CORP.

By: /s/ Paul M. Robinson
Name: Paul M. Robinson
Title: Executive Vice President, General Counsel and Secretary

[Signature Page to Stockholder Agreement]

Exhibit 10.2

REGISTRATION RIGHTS AGREEMENT

dated as of

May 29, 2020

between

Warner Music Group Corp.

and

Access Industries, LLC

TABLE OF CONTENTS

ARTICLE IV

MISCELLANEOUS

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement, dated as of May 29, 2020, is between Warner Music Group Corp., a Delaware corporation (the "Company"), and Access Industries, LLC, a Delaware limited liability company ("Access").

WHEREAS, the Access Affiliated Group intends to sell shares of the Company's Class A common stock, par value $0.001 per share (the "Class A Common Stock" and, together with the Company's Class B common stock, par value $0.001 per share, the "Common Stock"), in the IPO (as defined below);

WHEREAS, following the completion of the IPO, the Access Affiliated Group will continue to beneficially own approximately 99% of the total combined voting power of the outstanding shares of Common Stock; and

WHEREAS, in connection with the IPO, the Company has agreed to provide Access certain rights with respect to the registration and sale of the Common Stock as set forth herein;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions.

In this Agreement, the following terms shall have the following meanings:

"Access Affiliated Group" means Access, Len Blavatnik, the Blavatnik Family Foundation LLC, any direct or indirect equityholder of Access, any family member of any direct or indirect equityholder of Access, entities controlled, directly or indirectly, or managed, directly or indirectly, by Access or an Affiliate of Access, and any Affiliate or Permitted Transferee of any of the foregoing, including any Affiliate of any Permitted Transferee.

"Affiliate" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person directly or indirectly owning or controlling 10% or more of any class of outstanding voting securities of such Person or (iii) any officer, director, general partner or trustee of any such Person described in clause (i) or (ii).

"Agreement" and "hereof" and "herein" means this Registration Rights Agreement, including all amendments, modifications and supplements and all annexes and schedules to any of the foregoing, and shall refer to this Registration Rights Agreement as the same may be in effect at the time such reference becomes operative.

"Block Sale" means the sale of Registrable Securities to one or several purchasers in a registered transaction by means of (i) a bought deal, (ii) a block trade or (iii) a direct sale.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day except (i) Saturday, (ii) Sunday and (iii) any other day on which commercial banks in New York are authorized or obligated by law or executive order to close.

"Common Stock" has the meaning set forth in the recitals.

"Company" has the meaning set forth in the recitals.

"Company Outside Counsel" means one counsel selected by the Company to act on its behalf, which counsel, for the avoidance of doubt, may be the same counsel as Holders' Counsel.

"control" (including the terms "controlling," "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise

"Covered Person" has the meaning set forth in Section 2.10(a).

"Demand Registration" has the meaning set forth in Section 2.2(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"FINRA" means the Financial Industry Regulatory Authority.

"Holder" means any of (i) Access, (ii) any other member of the Access Affiliated Group and (iii) any Permitted Transferee.

"Holders' Counsel" means, if any member of the Access Affiliated Group is participating in an offering of Registrable Securities, one counsel selected by Access for the Holders participating in such offering, or otherwise, one counsel selected by the Holders of a majority of the Registrable Securities included in such offering, which

counsel, for the avoidance of doubt, may be the same counsel as Company Outside Counsel.

"IPO" means the initial underwritten public offering of Class A Common Stock pursuant to an effective Registration Statement under the Securities Act.

"Loss" or "Losses" each has the meaning set forth in Section 2.10(a).

"Material Disclosure Event" means, as of any date of determination, any pending or imminent event relating to the Company or any of its subsidiaries that the Board of Directors reasonably determines in good faith, after consultation with Company Outside Counsel, (i) would require disclosure of material, non-public information relating to such event in any Registration Statement under which Registrable Securities may be offered and sold (including documents incorporated by reference therein) in order that such Registration Statement would not be materially misleading and (ii) would not otherwise be required to be publicly disclosed by the Company at that time in a periodic report to be filed with or furnished to the SEC under the Exchange Act but for the filing of such Registration Statement.

"Permitted Transferee" means (i) any member of the Access Affiliated Group, (ii) any family member of any direct or indirect equityholder of Access, (iii) any trust formed solely for the benefit of any direct or indirect equityholder of Access or such equityholder's family members, (iv) any partnership, corporation or other entity controlled by any direct or indirect equityholder of Access or such equityholder's family members for tax or estate planning purposes and (v) any foundation or charity affiliated with Access or any Permitted Transferee, so long as any direct or indirect equityholder of Access or a Permitted Transferee, or a fiduciary who is selected by Access or such equityholder or Permitted Transferee and whom Access or such equityholder or Permitted Transferee has the power to remove and replace, retains voting control over the shares transferred to such foundation or charity.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, association or other business entity and any trust, unincorporated organization or government or any department, agency or political subdivision thereof.

"Piggyback Registration" means any registration of Registrable Securities under the Securities Act requested by a Holder in accordance with Section 2.4(a).

"register," "registered" and "registration" refers to a registration made effective by preparing and filing a Registration Statement with the SEC in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such Registration Statement, and compliance with applicable state securities laws of such states in which Holders notify the Company of their intention to offer Registrable Securities.

"Registrable Securities" means (i) all shares of Common Stock held by a Holder and (ii) any equity securities issued or issuable, directly or indirectly, with respect to any such securities referred to in (i) above by way of conversion or exchange thereof or stock dividend or stock split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization; provided that any securities constituting Registrable Securities will cease to be Registrable Securities when (a) such securities are sold to a Person who is not a Permitted Transferee, in a private transaction in which the transferor's rights under this Agreement are not assigned in accordance with this Agreement to the transferee of the securities, (b) such securities are sold pursuant to an effective Registration Statement, (c) such securities are sold to a Person who is not a Permitted Transferee pursuant to Rule 144 or (d) such securities shall have ceased to be outstanding.

"Registration Expenses" has the meaning set forth in Section 2.7.

"Registration Statement" means any registration statement of the Company under the Securities Act that permits the public offering of any of the Registrable Securities pursuant to the provisions of this Agreement, including the prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, all material incorporated by reference or deemed to be incorporated by reference in such registration statements and all other documents filed with the SEC to effect a registration under the Securities Act.

"Rule 144" means Rule 144 promulgated by the SEC under the Securities Act.

"Rule 144A" means Rule 144A promulgated by the SEC under the Securities Act.

"Rule 405" means Rule 405 promulgated by the SEC under the Securities Act.

"Rule 415" means Rule 415 promulgated by the SEC under the Securities Act.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Selling Expenses" means all underwriting discounts, selling commissions and transfer taxes applicable to the sale of Registrable Securities hereunder.

"Selling Holder" means a Holder that holds Registrable Securities registered (or to be registered) on a Registration Statement.

"Selling Holder Information" means information furnished to the Company in writing by a Selling Holder expressly for use in any Registration Statement, which information is limited to the name of such Selling Holder, the number of offered shares of

Common Stock and the address and other information with respect to such Selling Holder included in the "Principal and Selling Stockholders" (or similarly titled) section of the Registration Statement.

"Stockholder Agreement" means the Stockholder Agreement, dated as of May 29, 2020, between the Company and Access (as the same may be amended, supplemented, restated or otherwise modified from time to time).

"Shelf Registration Statement" means a Registration Statement that contemplates offers and sales of securities pursuant to Rule 415.

"Short-Form Registration Statement" means Form S-3 or any successor or similar form of Registration Statement pursuant to which the Company may incorporate by reference its filings under the Exchange Act made after the date of effectiveness of such Registration Statement.

"Suspension" has the meaning set forth in Section 2.9.

"Take-Down Notice" has the meaning set forth in Section 2.1(e).

"Underwritten Offering" means a discrete registered offering of securities under the Securities Act in which securities of the Company are sold by one or more underwriters pursuant to the terms of an underwriting agreement.

1.2 Interpretation.

(a) The words "hereto," "hereunder," "herein," "hereof" and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement, unless expressly stated otherwise herein.

(b) Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation."

(c) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(d) "Writing," "written" and comparable terms refer to printing, typing, and other means of reproducing words (including electronic media) in a visible form.

(e) All references to "$" or "dollars" mean the lawful currency of the United States of America.

(f) The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and in the case of statutes, include any rules and regulations promulgated under the statute) and to any successor to such statute, rule or regulation.

(h) Except as expressly stated in this Agreement, all references to agencies, self-regulatory organizations or governmental entities in this Agreement shall be deemed to be references to the comparable successor thereto.

ARTICLE II

REGISTRATION RIGHTS

2.1 Shelf Registration.

(a) Filing. At any time following the date hereof, upon the written request of any Holder, the Company shall promptly (but no later than 30 days after the receipt of such request) file with the SEC a Shelf Registration Statement (which, if permitted, shall be an "automatic shelf registration statement" as defined in Rule 405) relating to the offer and sale by such Holder of all or part of the Registrable Securities. If at any time while Registrable Securities are outstanding and the Company is eligible to utilize a Shelf Registration Statement, the Company files any Shelf Registration Statement for its own benefit or for the benefit of holders of any of its securities other than the Holders, the Company shall include in such Shelf Registration Statement such disclosures as may be required under the Securities Act to ensure that the Holders may sell their Registrable Securities pursuant to such Shelf Registration Statement through the filing of a prospectus supplement rather than a post-effective amendment.

(b) Effectiveness. The Company shall use its reasonable best efforts to (i) cause such Shelf Registration Statement to be declared effective under the Securities Act as promptly as practicable after such Shelf Registration Statement is filed and (ii) keep such Shelf Registration Statement (or a replacement Shelf Registration Statement) continuously effective and in compliance with the Securities Act and usable for the resale of Registrable Securities, until such time as there are no Registrable Securities remaining.

(c) Sales by Holders. The plan of distribution contained in any Shelf Registration Statement referred to in this Section 2.1 (or any related prospectus supplement) shall be determined by Access, if any member of the Access Affiliated Group is a requesting Holder for such Shelf Registration Statement, or otherwise by the other requesting Holder or Holders. Each Holder shall be entitled to sell Registrable Securities pursuant to the Shelf Registration Statement referred to in this Section 2.1 from time to time and at such times as such Holder shall determine.

(d) Underwritten Offering. If any Holder intends to sell Registrable Securities pursuant to any Shelf Registration Statement referred to in this Section 2.1 through an Underwritten Offering, the Company shall take all steps to facilitate such an offering, including the actions required pursuant to Section 2.6 and Article III, as appropriate; provided that the Company shall not be required to facilitate such Underwritten Offering unless so requested by Access or any other member of the Access Affiliated Group. Any Holder shall be entitled to request an unlimited number of Underwritten Offerings under this Section 2.1.

(e) Shelf Take-Downs. At any time that a Shelf Registration Statement covering Registrable Securities is effective, if any Holder delivers a notice to the Company (a "Take-Down Notice") stating that it intends to effect an Underwritten Offering of all or part of its Registrable Securities included on such Shelf Registration Statement, the Company shall amend or supplement such Shelf Registration Statement as may be necessary in order to enable such Registrable Securities to be distributed pursuant to the Underwritten Offering. In connection with any Underwritten Offering pursuant to this Section 2.1, the Company shall deliver the Take-Down Notice to all other Holders with securities included on such Shelf Registration Statement and permit such Holders to include Registrable Securities included on the Shelf Registration Statement in such Underwritten Offering if any such Holder notifies the Company within two Business Days after the Company has given Holders notice of the Take-Down Notice.

(f) No Notice in Block Sales. Notwithstanding any other provision of this Agreement, if any member of the Access Affiliated Group wishes to engage in a Block Sale (including a Block Sale off of a Shelf Registration Statement or an effective automatic shelf registration statement, or in connection with the registration of the Registrable Securities of any member of the Access Affiliated Group under an automatic shelf registration statement for purposes of effectuating a Block Sale), then notwithstanding the foregoing or any other provisions hereunder, any Permitted Transferee shall not be entitled to receive any notice of or have its Registrable Securities included in such Block Sale.

2.2 Demand Registrations.

(a) Right to Request Additional Demand Registrations. At any time after the IPO, any Holder may, by providing a written request to the Company, request to sell all or part of the Registrable Securities pursuant to a Registration Statement that is not a Shelf Registration Statement (a "Demand Registration"). Each request for a Demand Registration shall specify the kind and aggregate amount of Registrable Securities to be registered and the intended methods of disposition thereof (which, if not specified, shall be by way of Underwritten Offering). Promptly after its receipt of a request for a Demand Registration (but in any event within five days), the Company shall give written notice of such request to all other Holders. Within 30 days after the date the Company has given the Holders notice of the request for Demand Registration, the Company shall

file a Registration Statement, in accordance with this Agreement, with respect to all Registrable Securities that have been requested to be registered in the request for Demand Registration and that have been requested by any other Holders by written notice to the Company within five days after the Company has given the Holders notice of the request for Demand Registration.

(b) Limitations on Demand Registrations. Subject to Section 2.2(a) and this Section 2.2(b), any Holder will be entitled to request an unlimited number of Demand Registrations. Any Holder shall be entitled to participate in a Demand Registration initiated by any other Holder. The Company shall not be obligated to effect more than one Demand Registration in any 90-day period. Any Demand Registration shall be in addition to any registration on a Shelf Registration Statement.

(c) Effectiveness. The Company shall be required to maintain the effectiveness of the Registration Statement with respect to any Demand Registration for a period of at least 90 days after the effective date thereof or such shorter period during which all Registrable Securities included in such Registration Statement have actually been sold; provided, however, that such period shall be extended for a period of time equal to the period the Holder of Registrable Securities refrains from selling any securities included in such Registration Statement at the request of the Company or an underwriter of the Company pursuant to the provisions of this Agreement.

(d) Withdrawal. A Holder may, by written notice to the Company, withdraw its Registrable Securities from a Demand Registration at any time prior to the effectiveness of the applicable Registration Statement. Upon receipt of notices from all applicable Holders to such effect, the Company shall cease all efforts to seek effectiveness of the applicable Registration Statement.

2.3 Priority. If a registration pursuant to Section 2.1 or 2.2 above is an Underwritten Offering and the managing underwriters of such proposed Underwritten Offering advise the Holders in writing that, in their good faith opinion, the number of securities requested to be included in such Underwritten Offering exceeds the number which can be sold in such offering without being likely to have a material adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the number of securities to be included in such Underwritten Offering shall be reduced in the following order of priority: first, there shall be excluded from the Underwritten Offering any securities to be sold for the account of any selling securityholder other than the Holders; second, there shall be excluded from the Underwritten Offering any securities to be sold for the account of the Company; third, there shall be excluded from the Underwritten Offering any securities to be sold for the account of any Holder that is an unaffiliated Permitted Transferee; and finally, the number of Registrable Securities of any Holders (other than unaffiliated Permitted Transferees) that have been requested to be included therein shall be reduced, *pro rata* based on the number of Registrable Securities owned by each such Holder, in each case

to the extent necessary to reduce the total number of securities to be included in such offering to the number recommended by the managing underwriters.

2.4 Piggyback Registrations.

(a) Piggyback Request. Whenever the Company proposes to register any of its securities under the Securities Act or equivalent non-U.S. securities laws (other than (i) in the IPO, (ii) pursuant to a Demand Registration, (iii) pursuant to a registration statement on Form S-4 or any similar or successor form or (iv) pursuant to a registration solely relating to an offering and sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit plan arrangement), and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company shall give prompt written notice to all Holders of its intention to effect such a registration (but in no event less than 20 days prior to the proposed date of filing of the applicable Registration Statement) and, subject to Section 2.4(c), shall include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 10 days after the date the Company's notice is given to such Holders (a "Piggyback Registration"). There shall be no limitation on the number of Piggyback Registrations that the Company shall be required to effect under this Section 2.4.

(b) Withdrawal and Termination. The Company shall be required to maintain the effectiveness of the Registration Statement for a registration requested pursuant to Section 2.4(a) until the earlier to occur of (i) 90 days after the effective date thereof and (ii) consummation of the distribution by the Holders of the Registrable Securities included in such Registration Statement. Any Holder that has made a written request for inclusion in a Piggyback Registration may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company on or before the fifth day prior to the planned effective date of such Piggyback Registration. The Company may, without prejudice to the rights of Holders to request a registration pursuant to Section 2.1 or 2.2 hereof, at its election, give written notice of such determination to each Holder of Registrable Securities and terminate or withdraw any registration under this Section 2.4 prior to the effectiveness of such registration, whether or not any Holder has elected to include Registrable Securities in such registration, and, except for the obligation to pay or reimburse Registration Expenses, the Company shall be relieved of its obligation to register any Registrable Securities in connection with such registration and will have no liability to any Holder in connection with such termination or withdrawal.

(c) Priority of Piggyback Registrations. If the managing underwriters advise the Company and Holders of Registrable Securities in writing that, in their good faith opinion, the number of securities requested to be included in an Underwritten Offering to be effected pursuant to a Piggyback Registration exceeds the number which can be sold in such offering without being likely to have a material adverse effect on the price, timing

or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Underwritten Offering shall be reduced in the following order of priority: first, there shall be excluded from the Underwritten Offering any securities to be sold for the account of any Permitted Transferee; second, the number of securities to be included in the Underwritten Offering shall be reduced *pro rata* based, in the case of the Access Affiliated Group Holders, on the number of Registrable Securities owned by each Access Affiliated Group Holder, and in the case of the Company, the number of securities to be sold for the account of the Company, to the extent necessary to reduce the total number of Registrable Securities to be included in such offering to the number recommended by the managing underwriters. No registration of Registrable Securities effected pursuant to a request under this Section 2.4 shall be deemed to have been effected pursuant to Sections 2.1 or 2.2 or shall relieve the Company of its obligations under Sections 2.1 or 2.2.

2.5 Lock-up Agreements. Each of the Company and the Holders agrees, upon notice from the managing underwriters in connection with any registration for an Underwritten Offering of the Company's securities (other than pursuant to a registration statement on Form S-4 or any similar or successor form, or pursuant to a registration solely relating to an offering and sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit plan arrangement), not to effect (other than pursuant to such registration) any public sale or distribution of Registrable Securities, including, but not limited to, any sale pursuant to Rule 144, or make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of, any Registrable Securities, any other equity securities of the Company or any securities convertible into or exchangeable or exercisable for any equity securities of the Company without the prior written consent of the managing underwriters for a period of up to 90 days (or such shorter period as may be agreed to by the managing underwriter(s)); provided that such restrictions shall not apply in any circumstance to (i) securities acquired by a Holder in the public market subsequent to the IPO, (ii) distributions-in-kind to a Holder's limited or other partners, members, shareholders or other equity holders, (iii) transfers by a member of the Access Affiliated Group to another member of the Access Affiliated Group, (iv) any direct or indirect transfer to a Permitted Transferee or (v) such other exceptions as may be agreed to by the managing underwriter(s). Notwithstanding the foregoing, no holdback agreements of the type contemplated by this Section 2.5 shall be required of Holders (A) unless each of the Company's directors and executive officers agrees to be bound by a substantially identical holdback agreement for at least the same period of time; or (B) that restricts the offering or sale of Registrable Securities pursuant to a Demand Registration.

2.6 Registration Procedures. Subject to the proviso of Section 2.1(d), if and whenever the Company is required to effect the registration of any Registrable Securities pursuant to this Agreement, the Company shall use its reasonable best efforts to effect and facilitate the registration, offering and sale of such Registrable Securities in

accordance with the intended method of disposition thereof as promptly as is practicable, and the Company shall as expeditiously as possible:

(a) prepare and file with the SEC (within 30 days after the date on which the Company has given Holders notice of any request for Demand Registration) a Registration Statement with respect to such Registrable Securities, make all required filings (including FINRA filings) in connection therewith and thereafter and (if the Registration Statement is not automatically effective upon filing) use its reasonable best efforts to cause such Registration Statement to become effective; provided that, before filing a Registration Statement or any amendments or supplements thereto (including free writing prospectuses under Rule 433), the Company will furnish to Holders' Counsel for such registration copies of all such documents proposed to be filed (including exhibits thereto), which documents will be subject to review of such counsel, and such other documents reasonably requested by such counsel, including any comment letter from the SEC and any communications from any stock exchange on which the Registrable Securities are trading, and give the Holders participating in such registration an opportunity to comment on such documents and keep such Holders reasonably informed as to the registration process; provided further that if the Board of Directors determines in its good faith judgment that registration at the time would require the inclusion of financial or other information (including *pro forma* financial information), which requirement the Company is reasonably unable to comply with, then the Company may defer the filing (but not the preparation) of the Registration Statement which is required to effect the applicable registration for a reasonable period of time (but not in excess of 45 days).

(b) prepare and file with the SEC such amendments and supplements to any Registration Statement as may be necessary to keep such Registration Statement effective for a period of either (i) not less than 90 days or, if such Registration Statement relates to an Underwritten Offering in the case of a Demand Registration, such longer period as in the opinion of counsel for the managing underwriters a prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer or the maximum period of time permitted by the Securities Act in the case of a Shelf Registration Statement, or (ii) such shorter period ending when all of the Registrable Securities covered by such Registration Statement have been disposed of (but in any event not before the expiration of any longer period required under the Securities Act);

(c) furnish to each Selling Holder, Holders' Counsel and the underwriters such number of copies, without charge, of any Registration Statement, each amendment and supplement thereto, including each preliminary prospectus, final prospectus, all exhibits and other documents filed therewith and such other documents as such Persons may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder; provided that, before amending or supplementing any Registration Statement, the Company shall furnish to the Holders a

copy of each such proposed amendment or supplement and not file any such proposed amendment or supplement to which any Selling Holder reasonably objects. The Company hereby consents to the use of such prospectus and each amendment or supplement thereto by each of the Selling Holders of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such prospectus and any such amendment or supplement thereto;

(d) use its reasonable best efforts to register or qualify any Registrable Securities under such other securities or blue sky laws of such jurisdictions as any Selling Holder, and the managing underwriters, if any reasonably request, use its reasonable best efforts to keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts and things that may be necessary or reasonably advisable to enable such Selling Holder and each underwriter, if any, to consummate the disposition of Registrable Securities in such jurisdictions; provided that the Company will not be required to (i) qualify generally to do business in any such jurisdiction where it would not otherwise be required to qualify but for this subsection, (ii) subject itself to taxation in any jurisdiction where it is not then so subject or (iii) consent to general service of process in any such jurisdiction where it is not then so subject (other than service of process in connection with such registration or qualification or any sale of Registrable Securities in connection therewith);

(e) use its reasonable best efforts to (i) cause all Registrable Securities covered by any Registration Statement to be registered with or approved by such other governmental agencies, authorities or self-regulatory bodies as may be necessary or reasonably advisable in light of the business and operations of the Company to enable the Selling Holders to consummate the disposition of such Registrable Securities in accordance with the intended method or methods of disposition thereof and (ii) comply with the provisions of the Securities Act and with the rules and regulations of such other bodies with respect to the disposition of all Registrable Securities covered by such Registration Statement;

(f) during any time when a prospectus is required to be delivered under the Securities Act, promptly notify each Selling Holder and Holders' Counsel upon discovery that, or upon the discovery of the happening of any event as a result of which, the prospectus contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading in light of the circumstances under which they were made and, as promptly as practicable, prepare and furnish to such Selling Holders a reasonable number of copies of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain any untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(g) promptly notify each Selling Holder and Holders' Counsel (i) when the Registration Statement, any prospectus supplement or any post-effective amendment to the Registration Statement has been filed and, with respect to such Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any written comments by the SEC or any request by the SEC for amendments or supplements to such Registration Statement or to amend or to supplement any prospectus contained therein or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceedings for any of such purposes, (iv) if at the time the Company has reason to believe that the representations and warranties of the Company contained in any agreement (including any underwriting agreement) contemplated by Section 2.6(j) below cease to be true and correct and (v) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of such Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose;

(h) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any securities exchange, use its reasonable best efforts to cause all such Registrable Securities to be listed on the New York Stock Exchange;

(i) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such Registration Statement, and, if required, obtain a CUSIP number for such Registrable Securities not later than such effective date;

(j) enter into such customary agreements (including underwriting agreements with customary provisions in such forms as may be requested by the managing underwriters) and take all such other actions as the Selling Holders or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, effecting a share split or a combination of shares);

(k) make available for inspection by any Selling Holder, Holders' Counsel, any underwriter participating in any disposition pursuant to the applicable Registration Statement and any attorney, accountant or other agent retained by any such Selling Holder or underwriter all financial and other records, pertinent corporate documents and documents relating to the business of the Company reasonably requested by such Selling Holder, cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by any such Selling Holder, Holders' Counsel, underwriter, attorney, accountant or agent in connection with such Registration Statement and make senior management of the Company available for customary due diligence and drafting activity; provided that any such Person gaining access to information or personnel pursuant to this Section 2.6(k) shall (i) reasonably cooperate

with the Company to limit any resulting disruption to the Company's business and (ii) agree to use reasonable efforts to protect the confidentiality of any information regarding the Company which the Company determines in good faith to be confidential, and of which determination such Person is notified, unless (A) the release of such information is requested or required by deposition, interrogatory, requests for information or documents by a governmental entity, subpoena or similar process, (B) the release of such information, in the opinion of such Person, is required to be released by law or applicable legal process, (C) such information is or becomes publicly known without a breach of this Agreement, (D) such information is or becomes available to such Person on a non-confidential basis from a source other than the Company or (E) such information is independently developed by such Person. In the case of a proposed disclosure pursuant to (A) or (B) above, such Person shall be required to give the Company written notice of the proposed disclosure prior to such disclosure and, if requested by the Company, assist the Company in seeking to prevent or limit the proposed disclosure;

(l) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of the Company's first full calendar quarter after the effective date of the applicable Registration Statement, which earnings statement will satisfy the provisions of Section 11(a) of the U.S. Securities Act (including, at the Company's option, Rule 158 thereunder);

(m) in the case of an Underwritten Offering, promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriters or any Selling Holder reasonably requests to be included therein, the purchase price being paid therefor by the underwriters and any other terms of the Underwritten Offering of the Registrable Securities to be sold in such offering, and promptly make all required filings of such prospectus supplement or post-effective amendment;

(n) in the event of the issuance of any stop order suspending the effectiveness of a Registration Statement, or of any order suspending or preventing the use of any related prospectus or ceasing trading of any securities included in such Registration Statement for sale in any jurisdiction, use its reasonable best efforts to promptly obtain the withdrawal of such order;

(o) make senior management of the Company available to assist to the extent reasonably requested by the managing underwriters of any Underwritten Offering to be made pursuant to such registration in the marketing of the Registrable Securities to be sold in the Underwritten Offering, including the participation of such members of the Company's senior management in "road show" presentations and other customary marketing activities, including "one-on-one" meetings with prospective purchasers of the Registrable Securities to be sold in the Underwritten Offering, and otherwise to facilitate,

cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto, in each case to the same extent as if the Company were engaged in a primary registered offering of its Common Stock;

(p) use reasonable best efforts to: (a) obtain all consents of independent public accountants required to be included in the Registration Statement and (b) in connection with each offering and sale of Registrable Securities, obtain one or more comfort letters, addressed to the underwriters and to the Selling Holders, dated the date of the underwriting agreement for such offering and the date of each closing under the underwriting agreement for such offering, signed by the Company's independent public accountants in customary form and covering such matters of the type customarily covered by comfort letters as the underwriters or Access, if any member of the Access Affiliated Group is a Selling Holder in such offering, or otherwise by the Holders of a majority of the Registrable Securities being sold in such offering, as applicable, reasonably request;

(q) use reasonable best efforts to obtain: (a) all legal opinions from Company Outside Counsel (or internal counsel if acceptable to the managing underwriters) required to be included in the Registration Statement and (b) in connection with each closing of a sale of Registrable Securities, legal opinions from Company Outside Counsel (or internal counsel if acceptable to the managing underwriters), addressed to the underwriters and the Selling Holders, dated as of the date of such closing, with respect to the Registration Statement, each amendment and supplement thereto (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions of such nature;

(r) upon the occurrence of any event contemplated by Section 2.6(f) above, promptly prepare a supplement or post-effective amendment to the Registration Statement or a supplement to the related prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, such prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(s) reasonably cooperate with each seller of Registrable Securities and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the FINRA;

(t) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided that, to the extent that any prohibition is applicable to the Company, the Company will take all reasonable action to make such prohibition inapplicable; and

(u) use its reasonable best efforts to take or cause to be taken all other actions, and do and cause to be done all other things necessary or reasonably advisable in the opinion of Holders' Counsel to effect the registration, marketing and sale of such Registrable Securities.

The Company agrees not to file or make any amendment to any Registration Statement with respect to any Registrable Securities, or any amendment of or supplement to the prospectus used in connection therewith, that refers to any Holder covered thereby by name, or otherwise identifies such Holder as the holder of any securities of the Company, without the consent of such Holder, such consent not to be unreasonably withheld or delayed, unless and to the extent such disclosure is required by law, rule or regulation, in which case the Company shall provide prompt written notice to such Holders prior to the filing of such amendment to any Registration Statement or amendment of or supplement to such prospectus or any free writing prospectus.

If the Company files any Shelf Registration Statement for the benefit of the holders of any of its securities other than the Holders, the Company agrees that it shall use its reasonable best efforts to include in such registration statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such Shelf Registration Statement at a later time through the filing of a Prospectus supplement rather than a post-effective amendment.

2.7 Registration Expenses. Whether or not any Registration Statement is filed or becomes effective, the Company shall pay directly or promptly reimburse all costs, fees and expenses incident to the Company's performance of or compliance with this Agreement, including (i) all registration and filing fees, (ii) all fees and expenses associated with filings to be made with any securities exchange or with any other governmental or quasi-governmental authority, (iii) all fees and expenses of compliance with securities or blue sky laws, including reasonable fees and disbursements of counsel in connection therewith, (iv) all printing expenses (including expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is requested by the Holders or the managing underwriters, if any), (v) all "road show" expenses incurred in respect of any Underwritten Offering, including all costs of travel, lodging and meals, (vi) all messenger, telephone and delivery expenses, (vii) all fees and disbursements of Company Outside Counsel, (viii) all fees and disbursements of all independent certified public accountants of the Company (including expenses of any "cold comfort" letters required in connection with this Agreement) and all other persons, including special experts, retained by the Company in connection with such Registration Statement, (ix) all reasonable fees and disbursements of underwriters (other than Selling Expenses) customarily paid by the issuers or sellers of securities and, (x) all other costs, fees and expenses incident to the Company's performance or

compliance with this Agreement (all such expenses, "Registration Expenses"). The Selling Holders shall be responsible for the fees and expenses of Holders' Counsel (if such Holders' Counsel is different from Company Outside Counsel) and Selling Expenses. The Company will, in any event, pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit or quarterly review and the expenses of any liability insurance. The Company shall have no obligation to pay any Selling Expenses.

2.8 Underwritten Offering.

(a) No Holder may participate in any registration hereunder that is an Underwritten Offering unless such Holder (i) agrees to sell its Registrable Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements (including, without limitation, pursuant to the terms of any over-allotment or "green shoe" option requested by the managing underwriters; provided that no Holder will be required to sell more than the number of Registrable Securities that such Holder has requested the Company to include in any registration), (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements, and (iii) cooperates with the Company's reasonable requests in connection with such registration or qualification (it being understood that the Company's failure to perform its obligations hereunder, which failure is caused by such Holder's failure to cooperate, will not constitute a breach by the Company of this Agreement); provided that no such Holder shall be required to make any representations or warranties in connection with any such registration other than representations and warranties as to (A) such Holder's ownership of Registrable Securities to be transferred free and clear of all liens, claims, and encumbrances created by such Holder and (B) such Holder's power and authority to effect such transfer; provided further that any obligation of such Holder to indemnify any Person pursuant to any underwriting agreement shall be several, not joint, among such Holders selling Registrable Securities, and such liability shall be limited to the net proceeds received by such Holder, as applicable, from the sale of Registrable Securities pursuant to such registration (which proceeds shall include the amount of cash or the fair market value of any assets in exchange for the sale or exchange of such Registrable Securities or that are the subject of a distribution), and the relative liability of each such Holder shall be in proportion to such net proceeds.

2.9 Suspension of Registration. In the event of a Material Disclosure Event at the time of the filing, initial effectiveness or continued use of a Registration Statement, including a Shelf Registration Statement, the Company may, upon giving at least 10 days' prior written notice of such action to the Holders delay the filing or initial effectiveness of, or suspend use of, such Registration Statement (a "Suspension"); provided, however, that the Company shall not be permitted to exercise a Suspension (i) more than twice during any 12-month period, (ii) for a period exceeding 45 days on any one occasion, (iii) unless for the full period of the Suspension, the Company does not offer or sell securities for its own account, does not permit registered sales by any holder of its securities and prohibits offers and sales by its directors and officers, or (iv) at any time within seven days prior to the anticipated pricing of an Underwritten Offering pursuant to a Demand Registration or within 35 days after the pricing of such an Underwritten Offering. In the case of a Suspension, the Holders will suspend use of the applicable prospectus in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. In connection with a Demand Registration, prior to the termination of any Suspension, the Holder that made the request for Demand Registration will be entitled to withdraw its Demand Notice. Upon receipt of notices from all Holders of Registrable Securities included in such Registration Statement to such effect, the Company shall cease all efforts to secure effectiveness of the applicable Registration Statement. The Company shall immediately notify the Holders upon the termination of any Suspension.

2.10 Indemnification.

(a) The Company agrees to indemnify and hold harmless to the fullest extent permitted by law, each Holder, any Person who is or might be deemed to be a controlling person of the Company or any of its subsidiaries within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act their respective direct and indirect general and limited partners, advisory board members, directors, officers, trustees, managers, members, agents, Affiliates and shareholders, and each other Person, if any, who controls any such Holder or controlling person within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each such person being referred to herein as a "Covered Person") against, and pay and reimburse such Covered Persons for any losses, claims, damages, liabilities, joint or several, costs (including, without limitation, costs of preparation and reasonable attorneys' fees and any legal or other fees or expenses incurred by such Covered Person in connections with any investigation or proceeding), expenses, judgments, fines, penalties, charges and amounts paid in settlement (collectively, "Losses" and, individually, each a "Loss") to which such Covered Person may become subject under the Securities Act, the Exchange Act, any state blue sky securities laws, any equivalent non-U.S. securities laws or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (i) any untrue or alleged untrue statement of material fact contained or incorporated by reference in any Registration Statement,

prospectus, preliminary prospectus or free writing prospectus, or any amendment thereof or supplement thereto, or any document incorporated by reference therein, or any other such disclosure document (including reports and other documents filed under the Exchange Act and any document incorporated by reference therein) or other document or report, (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation by the Company of any rule or regulation promulgated under the Securities Act or any state securities laws applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, and the Company will pay and reimburse such Covered Persons for any legal or any other expenses actually and reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, liability, action or proceeding; provided that the Company shall not be liable in any such case to the extent that any such Loss (or action or proceeding in respect thereof) arises out of or is based upon an untrue statement or alleged untrue statement, or omission or alleged omission, made or incorporated by reference in such Registration Statement, any such prospectus, preliminary prospectus or free writing prospectus or any amendment or supplement thereto, or any document incorporated by reference therein, or any other such disclosure document (including reports and other documents filed under the Exchange Act and any document incorporated by reference therein) or other document or report, or in any application in reliance upon, and in conformity with, the Selling Holder Information. In connection with an Underwritten Offering, the Company, if requested, will indemnify the underwriters, their officers and directors and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Covered Persons and in such other manner as the underwriters may request in accordance with their standard practice.

(b) In connection with any Registration Statement in which a Holder is participating, each such Holder will indemnify and hold harmless the Company, its directors and officers, employees, agents and any Person who is or might be deemed to be a controlling person of the Company or any of its subsidiaries within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any Losses to which such Holder or any such director or officer, any such underwriter or controlling person may become subject under the Securities Act, the Exchange Act, any state blue sky securities laws, any equivalent non-U.S. securities laws or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (i) any untrue or alleged untrue statement of material fact contained in the Registration Statement, prospectus, preliminary prospectus or free writing prospectus, or any amendment thereof or supplement thereto, or any document incorporated by reference therein, or any other such disclosure document (including reports and other documents filed under the Exchange Act and any document incorporated by reference therein) or other document or report, or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the

statements therein not misleading, but only to the extent that such untrue statement or omission is made in such Registration Statement, any such prospectus, preliminary prospectus or free writing prospectus, or any amendment or supplement thereto, or any document incorporated by reference therein, or any other such disclosure document (including reports and other documents filed under the Exchange Act and any document incorporated by reference therein) or other document or report, in reliance upon and in conformity with the Selling Holder Information (and except insofar as such Losses arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any underwriter furnished to the Company in writing by such underwriter expressly for use in such Registration Statement), and such Holder will reimburse the Company and each such director, officer, underwriter and controlling Person for any legal or any other expenses actually and reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, liability, action or proceeding; provided, however, that the obligations of such Holder hereunder shall not apply to amounts paid in settlement of any such Losses (or actions in respect thereof) if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld); and provided further that the obligation to indemnify and hold harmless shall be individual and several to each Holder and shall be limited to the amount of net proceeds received by such Holder from the sale of Registrable Securities covered by such Registration Statement.

(c) Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim or the commencement of any proceeding with respect to which it seeks indemnification pursuant hereto; provided, however, that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that it is actually and materially prejudiced by reason of such delay or failure. The indemnifying party shall have the right, exercisable by giving written notice to an indemnified party promptly after the receipt of written notice from such indemnified party of such claim or proceeding, to assume, at the indemnifying party's expense, the defense of any such claim or proceeding, with counsel reasonably acceptable to such indemnified party; provided that (i) any indemnified party shall have the right to select and employ separate counsel and to participate in the defense of any such claim or proceeding, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (A) the indemnifying party has agreed in writing to pay such fees or expenses or (B) the indemnifying party shall have failed to assume, or in the event of a conflict of interest cannot assume, the defense of such claim or proceeding within a reasonable time after receipt of notice of such claim or proceeding or fails to employ counsel reasonably satisfactory to such indemnified party or to pursue the defense of such claim in a reasonably vigorous manner or (C) the named parties to any proceeding (including impleaded parties) include both such indemnified and the indemnifying party, and such indemnified party has reasonably concluded (based upon advice of its counsel) that there may be legal defenses available to it that are inconsistent with those available to the

indemnifying party or that a conflict of interest is likely to exist among such indemnified party and any other indemnified parties (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party); and (ii) subject to clause (i)(C) above, the indemnifying party shall not, in connection with any one such claim or proceeding or separate but substantially similar or related claims or proceedings in the same jurisdiction, arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one firm of attorneys (together with appropriate local counsel) at any time for all of the indemnified parties, or for fees and expenses that are not reasonable. Whether or not the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action without the consent of the indemnified party. No indemnifying party shall consent to entry of any judgment or enter into any settlement which (x) does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release, in form and substance reasonably satisfactory to the indemnified party, from all liability in respect of such claim or litigation for which such indemnified party would be entitled to indemnification hereunder or (y) involves the imposition of equitable remedies or the imposition of any obligations on the indemnified party or adversely affects such indemnified party other than as a result of financial obligations for which such indemnified party would be entitled to indemnification hereunder.

(d) If the indemnification provided for in this Section 2.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any Losses (other than in accordance with its terms), then the indemnifying party, in lieu of indemnifying such indemnified party thereunder, will contribute to the amount paid or payable by such indemnified party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. The relevant fault of the indemnifying party and the indemnified party will be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. Notwithstanding the foregoing, the amount any Holder will be obligated to contribute pursuant to this Section 2.10(d) will be limited to an amount equal to the net proceeds to such Holder from the Registrable Securities sold pursuant to the Registration Statement which gives rise to such obligation to contribute (less the aggregate amount of any damages which the Holder has otherwise been required to pay in respect of such Loss or any substantially similar Loss arising from the sale of such Registrable Securities). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) To the extent that any of the Holders is, or would be expected to be, deemed to be an underwriter of Registrable Securities pursuant to any SEC comments or policies or any court of law or otherwise, the Company agrees that (i) the indemnification and contribution provisions contained in this Section 2.10 shall be applicable to the benefit of such Holder in its role as deemed underwriter in addition to its capacity as a Holder (so long as the amount for which any other Holder is or becomes responsible does not exceed the amount for which such Holder would be responsible if the Holder were not deemed to be an underwriter of Registrable Securities) and (ii) such Holder and its representatives shall be entitled to conduct the due diligence which would normally be conducted in connection with an offering of securities registered under the Securities Act, including receipt of customary opinions and comfort letters.

(f) The indemnification provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive the registration and sale of any securities by any Person entitled to any indemnification hereunder and the expiration or termination of this Agreement.

2.11 Conversion of Other Securities. If any Holder offers any options, rights, warrants or other securities issued by it that are offered with, convertible into or exercisable or exchangeable for any Registrable Securities, the Registrable Securities underlying such options, rights, warrants or other securities shall be eligible for registration pursuant to Sections 2.1, 2.2 and 2.4 hereof.

2.12 Rule 144; Rule 144A. The Company shall use its reasonable best efforts to file in a timely fashion all reports and other documents required to be filed by it under the Securities Act and the Exchange Act and shall take such further action as the Holders may reasonably request, all to the extent required by the SEC as a condition to the availability of Rule 144, Rule 144A or any similar rule or regulation hereafter adopted by the SEC under the Securities Act.

2.13 Transfer of Registration Rights. Any member of the Access Affiliated Group may transfer all or any portion of its rights under this Agreement to any Permitted Transferee. Any transfer of registration rights pursuant to this Section 2.13 shall be effective upon receipt by the Company of written notice from the transferor stating the name and address of the Permitted Transferee and identifying the amount of Registrable Securities with respect to which rights under this Agreement are being transferred.

ARTICLE III

PROVISIONS APPLICABLE TO ALL DISPOSITIONS OF REGISTRABLE SECURITIES BY ACCESS

3.1 Underwriter Selection. In any public or private offering of Registrable Securities in which a member of the Access Affiliated Group is a Selling Holder, other than pursuant to a Piggyback Registration, Access shall have the sole right to select the managing underwriters to arrange such Underwritten Offering, which shall be one or more investment banking institutions of national or international standing.

3.2 Cooperation with Sales. In addition to the provisions of Section 2.6 hereof, applicable to sales of Registrable Securities pursuant to a registration, in connection with any sale or disposition of Registrable Securities by Access, the Company shall provide full cooperation, including:

(a) providing access to employees, management and company records to any purchaser or potential purchaser, and to any underwriters, initial purchasers, brokers, dealers or agents involved in any sale or disposition, subject to entry into customary confidentiality arrangements;

(b) participation in road shows, investor and analyst meetings, conference calls and similar activities;

(c) using reasonable best efforts to obtain customary auditor comfort letters and legal opinions;

(d) entering into customary underwriting and other agreements;

(e) using reasonable best efforts to obtain any regulatory approval or relief necessary for any proposed sale or disposition; and

(f) filing of registration statements with the SEC or with other authorities or making other regulatory or similar filings necessary or advisable in order to facilitate any sale or disposition.

3.3 Further Assurances. The Company shall use its reasonable best efforts to cooperate with and facilitate, and shall not interfere with, the disposition by Access of its holdings of Registrable Securities.

ARTICLE IV

MISCELLANEOUS

4.1 Term. This Agreement shall terminate upon such time as no Registrable Securities remain outstanding, except for the provisions of Sections 2.7, 2.10, and 3.3 and this Article 4 which shall survive such termination.

4.2 Other Holder Activities. Notwithstanding anything in this Agreement, none of the provisions of this Agreement shall in any way limit a Holder or any of its Affiliates from engaging in any brokerage, investment advisory, financial advisory, financing, asset management, trading, market making, arbitrage, investment activity and other similar activities conducted in the ordinary course of their business.

4.3 No Inconsistent Agreements.

(a) The Company represents and warrants that it has not entered into and covenants and agrees that it will not enter into, any agreement with respect to its securities which is inconsistent with, more favorable than or violates the rights granted to the Holders of Registrable Securities in this Agreement.

(b) To the extent any portion of this Agreement conflicts, or is inconsistent, with the Stockholder Agreement, the Stockholder Agreement shall control.

4.4 Amendment, Modification and Waiver. This Agreement may be amended, modified or supplemented at any time by written agreement of the named parties hereto without any other party's agreement or consent. Any failure of any party to comply with any term or provision of this Agreement may be waived by the other party, by an instrument in writing signed by such party, but such waiver or failure to insist upon strict compliance with such term or provision shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure to comply.

4.5 No Third-Party Beneficiaries. Other than as set forth in Section 2.10 with respect to the indemnified parties and as expressly set forth elsewhere in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties, the Access Affiliated Group and their respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement. Only the parties that are signatories to this Agreement and the Access Affiliated Group (and their respective permitted successors and assigns) shall have any obligation or liability under, in connection with, arising out of, resulting from or in any way related to this Agreement or any other matter contemplated hereby, or the process leading up to the execution and delivery of this Agreement and the transactions contemplated hereby, subject to the provisions of this Agreement.

4.6 Entire Agreement. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement among the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both written and oral, between or on behalf of Access or its Affiliates, on the one hand, and the Company or its Affiliates, on the other hand, with respect to the subject matter of this Agreement.

4.7 Severability. In the event that any provision of this Agreement is declared invalid, void or unenforceable, the remainder of this Agreement shall remain in full force and effect, and such invalid, void or unenforceable provision shall be interpreted in a manner that accomplishes, to the extent possible, the original purpose of such provision.

4.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. The counterparts of this Agreement may be executed and delivered by facsimile or other electronic imaging means (including in .pdf or .tif format sent by electronic mail) by a party to the other party and the receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic imaging means as if the original had been received.

4.9 Specific Performance; Remedies. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The other party shall not oppose the granting of such relief. The parties agree that the remedies at law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived.

4.10 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF TO THE EXTENT THAT SUCH PRINCIPLES WOULD APPLY THE LAW OF ANOTHER JURISDICTION.

4.11 WAIVER OF JURY TRIAL. EACH PARTY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES (TO THE EXTENT PERMITTED BY APPLICABLE LAW) ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

4.12 Jurisdiction; Venue. Any suit, action or proceeding relating to this Agreement shall be brought exclusively in the United States District Court for the Southern District of New York or in the courts of the State of New York, in each case located in New York County, New York. The parties hereby consent to the exclusive jurisdiction of such courts for any such suit, action or proceeding, and irrevocably waive, to the fullest extent permitted by law, any objection to such courts that they may now or hereafter have based on improper venue or forum non conveniens.

4.13 Notice. Unless otherwise specified herein, all notices required or permitted to be given under this Agreement shall be in writing, shall refer specifically to this Agreement and shall be delivered personally, sent by a nationally recognized overnight courier service or sent by in the form of an electronic transmission (receipt confirmation requested), and shall be deemed to be effective upon delivery. All such notices shall be addressed to the receiving Party at such Party's address or email address set forth below, or at such other address or email address as the receiving Party may from time to time furnish by notice as set forth in this Section 4.13:

If to Access, to:

Access Industries, LLC
730 Fifth Avenue
New York, New York 10019
Attention: Alejandro Moreno
Telephone: (212) 247-6400
E-mail: amoreno@accind.com

If to the Company, to:

Warner Music Group Corp.
1633 Broadway, 7th Floor
New York, New York 10019
Attention: Paul Robinson, General Counsel
Telephone: (212) 275-2045
E-mail: Paul.Robinson@wmg.com

[*Signature Page Follows*]

In witness whereof, the parties have caused this Registration Rights Agreement to be executed and delivered as of the date first above written.

WARNER MUSIC GROUP CORP.

By: /s/ Paul M. Robinson
Name: Paul M. Robinson
Title: Executive Vice President,
General Counsel and Secretary

ACCESS INDUSTRIES, LLC

By: Access Industries Management, LLC
Its Manager

By: /s/ Alejandro Moreno
Name: Alejandro Moreno
Title: Executive Vice President

By: /s/ Alex Blavatnik
Name: Alex Blavatnik
Title: Executive Vice President

WARNER MUSIC GROUP CORP. 2020 OMNIBUS INCENTIVE PLAN

Effective as of June 1, 2020

PURPOSES

This Warner Music Group Corp. 2020 Omnibus Incentive Plan, as may be amended from time to time (the "Plan"), has the following purposes:

(1) To further the growth, development and financial success of Warner Music Group Corp. (the "Company") and its Subsidiaries (as defined herein), by providing additional incentives to employees, consultants and directors by allowing them to become owners of Company Common Stock, thereby benefiting directly from the growth, development and financial success of the Company and its Subsidiaries.

(2) To enable the Company and its Subsidiaries to obtain and retain the services of the type of employees, consultants and directors considered essential to the long-term success of the Company and its Subsidiaries by providing and offering them an opportunity to become owners of Company Common Stock pursuant to the Awards granted hereunder.

I

DEFINITIONS

Whenever the following terms are used in this Plan, they shall have the meanings specified below unless the context clearly indicates to the contrary. The singular pronoun shall include the plural where the context so indicates.

"Administrator" shall mean the Compensation Committee of the Board unless otherwise determined by the Board from time to time. In exercising its discretion hereunder, the Board shall endeavor to cause the Administrator to satisfy any requirements applicable to qualify for an exemption available under Rule 16b-3 promulgated under the Exchange Act or any other regulatory or administrative requirements that may be applicable with respect to Awards granted hereunder.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act.

"Alternative Award" shall have the meaning set forth in Section 11.1.

"Alternative Performance Awards" shall have the meaning set forth in Section 11.2.

"Award" shall mean any Option, Restricted Stock, Restricted Stock Unit, Performance Award, SAR, Dividend Equivalent or other Stock-Based Award granted to a Participant pursuant to the Plan, including an Award combining two or more types of Awards into a single grant.

"Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing an Award, including through an electronic medium. The Administrator may provide for the use of electronic, internet or other non-paper Award Agreements, and the use of electronic, internet or other non-paper means for the Participant's acceptance of, or actions under, an Award Agreement unless otherwise expressly specified herein. In the event of any inconsistency or conflict between the express terms of the Plan and the express terms of an Award Agreement, the express terms of the Plan shall govern.

"Base Price" shall have the meaning set forth within the definition of "Stock Appreciation Right".

"Board" shall mean the Board of Directors of the Company.

"Cause" with respect to any Participant, has the meaning set forth in an applicable Award Agreement.

"Change in Control" shall mean the first to occur of any of the following events after the Effective Date:

(a) the consummation of any transaction (or series of related transactions) in which any Person (other than the Company, any Affiliate of the Company, any employee benefit plan sponsored by the Company or any Affiliate of the Company or any Exempt Person) or more than one Person acting as a "group" (as defined in Section 13(d) of the Exchange Act) (other than a group that includes an Exempt Person) becomes the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the total fair market value or total voting power of the then outstanding shares of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities), other than in a transaction (or series of related transactions) approved by the Board, provided that no Change in Control shall have occurred if, following the transaction, Exempt Persons collectively own 50% or more of either

(a) the total fair market value or (b) total voting power of the outstanding shares of the Company; and

(b) the direct or indirect sale, transfer or other disposition (in one or a series of transactions) of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person (other than an Affiliate of the Company or an Exempt Person) or more than one Person acting as a group (other than a group that includes an Exempt Person);

(c) within any 12-month period, the individuals who were members of the Board at the beginning of such period (the "Incumbent Directors") shall cease to constitute at least a majority of the Board, provided that any director elected or nominated for election to the Board by an Exempt Person or a majority of the Incumbent Directors still in office shall be deemed to be an Incumbent Director for purpose of this clause (c);

in each case, provided that, as to Awards subject to Section 409A of the Code the payment or settlement of which will occur by reason of the Change in Control, such event also constitutes a "change in control" within the meaning of Section 409A of the Code. In addition, notwithstanding the foregoing, (i) a "Change in Control" shall not be deemed to occur if the Company files for bankruptcy, liquidation or reorganization under the United States Bankruptcy Code or as a result of any restructuring that occurs as a result of any such proceeding and (ii) a Public Offering shall not constitute a Change in Control.

"Change in Control Price" shall mean the price per share of Company Common Stock paid in conjunction with any transaction resulting in a Change in Control. If any part of the offered price is payable other than in cash, the value of the non-cash portion of the Change in Control Price shall be determined in good faith by the Administrator as constituted immediately prior to the Change in Control.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Company" shall mean Warner Music Group Corp., a Delaware corporation, and any successor thereto.

"Company Common Stock" shall mean the common stock, par value $0.01 per share, of the Company and such other stock or securities into which such common stock is hereafter converted or for which such common stock is exchanged.

"Compensation Year" shall mean the period from one annual meeting of shareholders to the following annual meeting of shareholders.

"Competitive Activity" shall mean a Participant's material breach of restrictive covenants relating to non-competition, non-solicitation (of customers or employees) or preservation of confidential information or other covenants having the same or similar scope, included in an Award Agreement or other agreement to which the Participant and the Company or any of its Affiliates is a party.

"Corporate Event" shall mean, as determined by the Administrator, any transaction or event described in Section 3.3(a) or any unusual or infrequently occurring transaction or event affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any of its Subsidiaries, or changes in applicable laws, regulations or accounting principles (including, without limitation, a recapitalization of the Company).

"Director" shall mean a member of the Board or a member of the board of directors of any Subsidiary.

"Disability" shall have the meaning set forth in Section 409A(a)(2)(c) of the Code, unless otherwise specified in an Award Agreement.

"Dividend Equivalent" shall mean the right to receive payments, in cash or in Shares, based on dividends paid with respect to Shares.

"Effective Date" shall have the meaning set forth in Section 12.7.

"Eligible Representative" for a Participant shall mean such Participant's personal representative or such other person as is empowered under the deceased Participant's will or the then applicable laws of descent and distribution to represent the Participant hereunder.

"Employee" shall mean any individual classified as an employee by the Company or one of its Affiliates.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Executive Officer" shall mean each person who is an officer or employee of the Company or any Affiliate and who is subject to the reporting requirements under Section 16(a) of the Exchange Act.

"Exempt Person" means AI Entertainment Holdings LLC and its Affiliates.

"Fair Market Value" of a Share as of any date of determination shall be (a) if the Company Common Stock is listed on any established stock exchange or a national market system, then the closing price on such date per Share as reported as quoted on

such stock exchange or system or (b) if the Company Common Stock is not so listed, the value as determined by the Administrator in good faith, which determination shall be final, conclusive and binding on all parties.

"Good Reason" with respect to any Participant, has the meaning, if any, set forth in an applicable Award Agreement.

"Incentive Stock Option" shall mean an Option which qualifies under Section 422 of the Code and is expressly designated as an Incentive Stock Option in the Award Agreement.

"Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option.

"Non-U.S. Awards" shall have the meaning set forth in Section 2.5.

"Option" shall mean an option to purchase Company Common Stock granted under the Plan. The term "Option" includes both an Incentive Stock Option and a Non-Qualified Stock Option.

"Option Price" shall have the meaning set forth in Section 4.1.

"Outstanding Company Common Stock" shall have the meaning set forth in the definition of "Change in Control".

"Outstanding Company Voting Securities" shall have the meaning set forth in the definition of "Change in Control".

"Participant" shall mean any Service Provider who has been granted an Award pursuant to the Plan.

"Performance Award" shall mean Performance Shares, Performance Units and all other Awards that vest (in whole or in part) upon the achievement of specified Performance Goals, including, for clarity, Awards consisting solely of cash entitlements.

"Performance Award Conversion" shall have the meaning set forth in Section 11.2.

"Performance Cycle" shall mean the period of time selected by the Administrator during which performance is measured for the purpose of determining the extent to which a Performance Award has been earned or vested.

"Performance Goals" means the objectives established by the Administrator for a Performance Cycle pursuant to Section 6.5 for the purpose of determining the extent to which a Performance Award has been earned or vested.

"Performance Share" means an Award granted pursuant to Article VI of the Plan of a Share or a contractual right to receive a Share (or the cash equivalent thereof) upon the achievement, in whole or in part, of the applicable Performance Goals.

"Performance Unit" means a U.S. Dollar-denominated unit (or a unit denominated in the Participant's local currency) granted pursuant to Article VI of the Plan, payable in cash or in Shares upon the achievement, in whole or in part, of the applicable Performance Goals.

"Person" shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or any other entity of whatever nature.

"Plan" shall have the meaning set forth in the preamble.

"Public Offering" shall mean the first day as of which (i) sales of Company Common Stock are made to the public in the United States pursuant to an underwritten public offering of the Company Common Stock led by one or more underwriters at least one of which is an underwriter of nationally recognized standing or (ii) the Administrator has determined that the Company Common Stock otherwise has become publicly traded for this purpose.

"Release" means a general release and waiver of claims in the form provided by the Administrator.

"Replacement Awards" shall mean Shares or Awards issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any of its Subsidiaries.

"Restricted Stock" shall mean an Award granted pursuant to Section 5.1.

"Restricted Stock Unit" shall mean an Award granted pursuant to Section 5.2.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Service Provider" shall mean an Employee, consultant or Director.

"Share" shall mean a share of Company Common Stock.

"Stock Appreciation Right" or "SAR" shall mean the right to receive a payment from the Company in cash and/or Shares equal to the excess, if any, of the Fair Market Value of one Share on the exercise date over a specified price (the "Base Price") fixed by the Administrator on the grant date (which specified price shall not be less than the Fair Market Value of one Share on the grant date).

"Stock-Based Award" shall have the meaning set forth in Section 7.1.

"Sub-plans" shall have the meaning set forth in Section 2.5.

"Subsidiary" shall mean any entity that is directly or indirectly controlled by the Company or any entity in which the Company directly or indirectly has at least a 50% equity interest.

"Termination of employment," "termination of service" and any similar term or terms shall mean, with respect to a consultant or a Director who is not an Employee of the Company or any of its Affiliates, the date upon which such consultant ceases to provide services to the Company or its Affiliates or such Director ceases to be a member of the Board or of the board of directors of any Subsidiary and, with respect to an Employee, the date he or she ceases to be an Employee; provided that with respect to any Award subject to Section 409A of the Code, such terms shall mean "separation from service," as defined in Section 409A of the Code and the rules, regulations and guidance promulgated thereunder. Unless otherwise determined by the Administrator, a "termination of employment" or "termination of service" shall not occur if an Employee or Director, immediately upon ceasing to provide services in such capacity, commences to or continues to provide services to the Company or any of its Affiliates in another of such capacities.

"Withholding Taxes" shall mean the federal, state, local or foreign income taxes, withholding taxes or employment taxes required to be withheld under applicable law, which shall be at a rate determined by the Company that is permitted under applicable tax withholding rules and that does not cause adverse accounting consequences.

II

ADMINISTRATION

2.1 Administrator. The Plan shall be administered by the Administrator.

2.2 Powers of the Administrator. The Administrator shall have the sole and complete authority and discretion to:

(a) determine the Fair Market Value;

(b) determine the type or types of Awards to be granted to each Participant;

(c) select the Service Providers to whom Awards may from time to time be granted hereunder;

(d) determine all matters and questions related to the termination of service of a Service Provider with respect to any Award granted to him or her hereunder;

(e) determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(f) approve forms of agreement for use under the Plan, which need not be identical for each Service Provider;

(g) determine the terms and conditions of any Awards granted hereunder (including, without limitation, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions and any restriction or limitation regarding any Awards or the Company Common Stock relating thereto) based in each case on such factors as the Administrator shall determine;

(h) prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to Sub-plans established for the purpose of satisfying applicable foreign laws;

(i) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise or purchase price of an Award may be paid in, cash, Company Common Stock, other Awards, or other property, or an Award may be canceled, forfeited or surrendered;

(j) suspend or accelerate the vesting of any Award granted under the Plan or waive the forfeiture restrictions or any other restriction or limitation regarding any Awards or the Company Common Stock relating thereto;

(k) construe and interpret the terms of the Plan and Awards granted pursuant to the Plan; and

(l) make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

Any determination made by the Administrator under the Plan, including, without limitation, under Section 3.3, shall be final, binding and conclusive on all Participants and other persons having or claiming any right or interest under the Plan. The Administrator's determinations under the Plan need not be uniform and may be made by the Administrator selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

2.3 Delegation by the Administrator. The Administrator may delegate, subject to such terms or conditions or guidelines as it shall determine, to any officer or group of officers, or Director or group of Directors of the Company or its Affiliates any portion of its authority and powers under the Plan with respect to Participants who are not Executive Officers or non-employee directors of the Board; provided that any delegation to one or more officers of the Company shall be subject to and comply with applicable law.

2.4 Expenses, Professional Assistance, No Liability. All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may elect to engage the services of attorneys, consultants, accountants or other persons. The Administrator, the Company and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. The Administrator (and its members) shall not be personally liable for any action, determination or interpretation made with respect to the Plan or the Awards, and the Administrator (and its members) shall be fully protected by the Company with respect to any such action, determination or interpretation.

2.5 Participants Based Outside the United States. To conform with the provisions of local laws and regulations, or with local compensation practices and policies, in foreign countries in which the Company or any of its Affiliates operate, but subject to the limitations set forth herein regarding the maximum number of shares issuable hereunder and the maximum award to any single Participant, the Administrator may (i) modify the terms and conditions of Awards granted to Employees employed outside the United States ("Non-U.S. Awards"), (ii) establish sub-plans with such modifications as may be necessary or advisable under the circumstances ("Sub-plans") and (iii) take any action which it deems advisable to obtain, comply with or otherwise reflect any necessary governmental regulatory procedures, exemptions or approvals with respect to the Plan. The Administrator's decision to grant Non-U.S. Awards or to establish Sub-plans is entirely voluntary, and at the complete discretion of the Administrator. The Administrator may amend, modify or terminate any Sub-plans at any time, and such amendment, modification or termination may be made without prior notice to the Participants. The Company, Affiliates and members of the Administrator shall not incur any liability of any kind to any Participant as a result of any change, amendment or termination of any Sub-plan at any time. The benefits and rights provided

under any Sub-plan or by any Non-U.S. Award (x) are wholly discretionary and, although provided by either the Company or an Affiliate, do not constitute regular or periodic payments and (y) except as otherwise required under applicable laws, are not to be considered part of the Participant's salary or compensation under the Participant's employment with the Participant's local employer for purposes of calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind. If a Sub-plan is terminated, the Administrator may direct the payment of Non-U.S. Awards (or direct the deferral of payments whose amount shall be determined) prior to the dates on which payments would otherwise have been made, and determine if such payments may be made in a lump sum or in installments.

III

SHARES SUBJECT TO PLAN

3.1 Shares Subject to Plan.

(a) Subject to Section 3.3, the aggregate number of Shares which may be issued under this Plan shall be equal to 31,169,099 Shares, all of which may be issued in the form of Incentive Stock Options under the Plan. The Shares issued under the Plan may be authorized but unissued, or reacquired Company Common Stock. No provision of this Plan shall be construed to require the Company to maintain the Shares in certificated form. Unless the Administrator shall determine otherwise, (i) Awards may not consist of fractional shares and shall be rounded up to the nearest whole Share, and (ii) fractional Shares shall not be issued under the Plan (and shall instead also be rounded as aforesaid).

(b) If any Award or portion thereof under this Plan is for any reason forfeited, canceled, cash-settled, expired or otherwise terminated without the issuance of Shares, the Shares subject to such forfeited, canceled, cash-settled, expired or otherwise terminated Award, or portion thereof, shall again be available for grant under the Plan. If Shares are tendered or withheld from issuance with respect to an Award by the Company in satisfaction of any Option Price, Base Price or tax withholding or similar obligations, such tendered or withheld Shares shall again be available for grant under the Plan. Notwithstanding the foregoing, and except to the extent required by applicable law, Replacement Awards shall not be counted against Shares available for grant pursuant to this Plan.

3.2 Limitation on Non-Employee Director Awards. In any Compensation Year in respect of a non-employee Director's service to the Company as a non-employee

Director, the maximum value of Awards granted to such Director, and the maximum amount of cash paid to such Director, shall not exceed (i) in the case of such non-employee Director who is serving as the chairman of the Board, $800,000 and (ii) in the case of any other such Director, $700,000.

3.3 Changes in Company Common Stock; Disposition of Assets and Corporate Events.

(a) If and to the extent necessary or appropriate to reflect any stock dividend, extraordinary dividend, stock split or share combination or any recapitalization, merger, consolidation, exchange of shares, spin-off, liquidation or dissolution of the Company or other similar transaction affecting the Company Common Stock (each, a "Corporate Event"), the Administrator shall adjust the number of shares of Company Common Stock available for issuance under the Plan, any other limit applicable under the Plan with respect to the number of Awards that may be granted hereunder, and the number, class and exercise price (if applicable) or Base Price (if applicable) of any outstanding Award, and/or make such substitution, revision or other provisions or take such other actions with respect to any outstanding Award or the holder or holders thereof, in each case as it determines to be equitable. Without limiting the generality of the foregoing sentence, in the event of any such Corporate Event, the Administrator shall have the power to make such changes as it deems appropriate in (i) the number and type of shares or other securities covered by outstanding Awards, (ii) the prices specified therein (if applicable), (iii) the securities, cash or other property to be received upon the exercise, settlement or conversion of such outstanding Awards or otherwise to be received in connection with such outstanding Awards and (iv) any applicable Performance Goals. After any adjustment made by the Administrator pursuant to this Section 3.3, the number of shares subject to each outstanding Award shall be rounded down to the nearest whole number of whole or fractional shares (as determined by the Administrator), and (if applicable) the exercise price thereof shall be rounded up to the nearest cent.

(b) Any adjustment of an Award pursuant to this Section 3.3 shall be effected in compliance with Section 422 and 409A of the Code to the extent applicable.

3.4 Award Agreement Provisions. The Administrator may include such provisions and limitations in any Award Agreement as it shall determine, subject to the terms of the Plan.

3.5 Prohibition Against Repricing. Except to the extent (i) approved in advance by holders of a majority of the Shares entitled to vote generally in the election of directors or (ii) pursuant to Section 3.3 as a result of any Corporate Event or pursuant to Article XI in connection with a Change in Control, the Administrator shall not have the power or authority to reduce, whether through amendment or otherwise, the exercise

price of any outstanding Option or Base Price of any outstanding SAR or to grant any new Award, or make any cash payment, in substitution for or upon the cancellation of Options or SARs previously granted and as to which the exercise price or Base Price thereof is in excess of the then-current Fair Market Value of Share.

IV

OPTIONS AND SARS

4.1 Grant of Options and SARs. The Administrator is authorized to make Awards of Options and/or SARs to any Service Provider in such amounts and subject to such terms and conditions as determined by the Administrator, consistent with the Plan. Any Incentive Stock Option granted under the Plan shall be designed to conform to the applicable provisions of Section 422 of the Code. SARs may be granted in tandem with Options or may be granted on a freestanding basis, not related to any Option. Excluding Replacement Awards, the per Share purchase price of the Shares subject to each Option (the "Option Price") and the Base Price of each SAR shall be not less than 100% of the Fair Market Value of a Share on the date such Option or SAR is granted. Each Option and each SAR shall be evidenced by an Award Agreement.

4.2 Exercisability and Vesting; Exercise. Subject to the one-year minimum vesting requirement described below, each Option and SAR shall vest and become exercisable according to the terms and conditions as determined by the Administrator. Except as otherwise determined by the Administrator, SARs granted in tandem with an Option shall become vested and exercisable on the same date or dates as the Options with which such SARs are associated vest and become exercisable. SARs that are granted in tandem with an Option may only be exercised upon the surrender of the right to exercise such Option for an equivalent number of Shares, and may be exercised only with respect to the Shares for which the related Option is then exercisable. The Administrator shall specify the manner of and any terms and conditions of exercise of an exercisable Option or SAR, including but not limited to net-settlement, delivery of previously owned stock and broker-assisted sales.

4.3 Settlement of SARs. Upon exercise of a SAR, the Participant shall be entitled to receive payment in Shares, or such other form as determined by the Administrator, having an aggregate value equal to the Fair Market Value of one Share on the exercise date over the Base Price of such SAR; provided, however, that on the grant date, the Administrator may establish a maximum amount per Share that may be payable upon exercise of a SAR.

4.4 Expiration of Options and SARs. No Option or SAR may be exercised after the expiration of ten (10) years from the date the Option or SAR was granted, unless otherwise determined by the Administrator.

V

RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNIT AWARDS

5.1 Restricted Stock.

(a) Grant of Restricted Stock. The Administrator is authorized to make Awards of Restricted Stock to any Service Provider selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. All Awards of Restricted Stock shall be evidenced by an Award Agreement.

(b) Issuance and Restrictions. Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Administrator may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter.

(c) Issuance of Restricted Stock. The issuance of Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine.

5.2 Restricted Stock Units. The Administrator is authorized to make Awards of Restricted Stock Units to any Service Provider selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. Subject to the one-year minimum vesting requirement described below, restricted stock and restricted stock units will vest based on a period of service specified by the Administrator, the occurrence of specific events specified by our Administrator or both. For the avoidance of doubt, the Administrator may grant Restricted Stock Units that are fully vested and non-forfeitable when granted. At the time of grant, the Administrator shall specify the settlement date applicable to each grant of Restricted Stock Units. Unless otherwise provided in an Award Agreement, on the settlement date, the Company shall, subject to the terms of this Plan, transfer to the Participant one Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited.

5.3 Rights as a Stockholder. A Participant shall not be, nor have any of the rights or privileges of, a stockholder in respect of Restricted Stock Units awarded pursuant to the Plan unless and until the Shares attributable to such Restricted Stock

Units have been issued to such Participant. Notwithstanding the foregoing, unless otherwise determined by the Administrator, the Restricted Stock Units awarded pursuant to the Plan will receive Dividend Equivalents settled in Shares in accordance with Article IX.

VI

PERFORMANCE AWARDS

6.1 Grant of Performance Awards. The Administrator is authorized to make Performance Awards to any Participant selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. All Performance Shares and Performance Units shall be evidenced by an Award Agreement.

6.2 Issuance and Restrictions. The Administrator shall have the authority to determine the Participants who shall receive Performance Awards; the number of Performance Shares, the number and value of Performance Units; the cash entitlement of any Participant with respect to any Performance Cycle; and the Performance Goals applicable in respect of such Performance Awards for each Performance Cycle. The Administrator shall determine the duration of each Performance Cycle (the duration of Performance Cycles may differ from one another), and there may be more than one Performance Cycle in existence at any one time. An Award Agreement evidencing the grant of Performance Shares or Performance Units shall specify the number of Performance Shares and the number and value of Performance Units awarded to the Participant, the Performance Goals applicable thereto, and such other terms and conditions as the Administrator shall determine. Unless the Administrator shall determine otherwise, no Company Common Stock will be issued at the time an Award of Performance Shares is made. The Company shall not be required to set aside a fund for the payment of Performance Awards.

6.3 Earned Performance Awards. Subject to the one-year minimum vesting requirement described below, Performance Awards shall become earned, in whole or in part, based upon the attainment of specified Performance Goals or the occurrence of any event or events, as the Administrator shall determine or as set forth in an Award Agreement. In addition to the achievement of the specified Performance Goals, the Administrator may condition payment of Performance Awards on such other conditions as the Administrator shall determine. The Administrator may also provide in an Award Agreement for the completion of a minimum period of service (in addition to the one-year minimum and the achievement of any applicable Performance Goals) as a condition to the vesting of any Performance Award.

6.4 Rights as a Stockholder. A Participant shall not have any rights as a stockholder in respect of Performance Units awarded pursuant to the Plan (including, without limitation, the right to vote on any matter submitted to the Company's stockholders) until such time as the Shares attributable to such Performance Units have been issued to such Participant or his or her beneficiary. Performance Units as to which Shares are issued prior to the end of the Performance Cycle shall, during such period, be subject to such restrictions on transferability and other restrictions as the Administrator may impose (including, without limitation, limitations on the right to vote such Shares or the right to receive dividends on such Shares). Notwithstanding the foregoing, unless otherwise determined by the Administrator, the Performance Awards awarded pursuant to the Plan will receive Dividend Equivalents settled in Shares in accordance with Article IX.

6.5 Performance Goals and Related Provisions. The Administrator shall establish the Performance Goals that must be satisfied in order for a Participant to receive an Award for a Performance Cycle or for a Performance Award to be earned or vested. The Administrator may provide for a threshold level of performance below which no amount of compensation will be paid and a maximum level of performance above which no additional amount of compensation will be paid under the Plan, and it may provide for the payment of differing amounts of compensation for different levels of performance. Performance Goals may be established on a Company-wide basis, with respect to one or more business units, divisions, Subsidiaries or products or based on individual performance measures, and may be expressed in absolute terms or relative to other metrics including internal targets or budgets, past performance of the Company, the performance of one or more similarly situated companies, performance of an index, outstanding equity or other external measures. In the case of earning-based measures, Performance Goals may include comparisons relating to capital (including but limited to, the cost of capital), shareholders' equity, shares outstanding, assets or net assets, or any combination thereof. Performance Goals may also be subject to such other terms and conditions as the Administrator may determine appropriate. The Administrator may also adjust the Performance Goals for any Performance Cycle as it deems equitable in recognition of unusual or nonrecurring events affecting the Company; changes in applicable tax laws or accounting principles; other material extraordinary events such as restructurings; discontinued operations; asset write-downs; significant litigation or claims, judgments or settlements; acquisitions or divestitures; reorganizations or changes in the corporate structure or capital structure of the Company; foreign exchange gains and losses; change in the fiscal year of the Company; business interruption events; unbudgeted capital expenditures; unrealized investment gains and losses; and impairments or such other factors as the Administrator may determine.

6.6 Determination of Attainment of Performance Goals. As soon as practicable following the end of a Performance Cycle and prior to any payment or vesting

in respect of such Performance Cycle, the Administrator (or its delegate pursuant to Section 3.3) shall determine the number of Performance Shares or other Performance Awards and the number and value of Performance Units or the amount of any cash entitlement, in each case that has been earned or vested.

6.7 Payment of Awards. Payment or delivery of Company Common Stock with respect to earned Performance Shares, earned Performance Units and earned cash entitlements shall be made to the Participant or, if the Participant has died, to the Participant's Eligible Representative, as soon as practicable after the expiration of the Performance Cycle and the Administrator's determination under Section 6.6 and (unless an applicable Award Agreement shall set forth one or more other dates) in any event no later than the earlier of (i) ninety (90) days after the end of the fiscal year in which the Performance Cycle has ended and (ii) ninety (90) days after the expiration of the Performance Cycle. The Administrator shall determine and set forth in the applicable Award Agreement whether earned Performance Shares and the value of earned Performance Units are to be distributed in the form of cash, Shares or in a combination thereof, with the value or number of Shares payable to be determined based on the Fair Market Value of the Company Common Stock on the date of the Administrator's determination under Section 6.6 or such other date specified in the Award Agreement. The Administrator may, in an Award Agreement with respect to the Award or delivery of Shares, condition the vesting of such Shares on the performance of additional service.

6.8 Newly Eligible Participants. Notwithstanding anything in this Article VI to the contrary, the Administrator shall be entitled to make such rules, determinations and adjustments as it deems appropriate with respect to any Participant who becomes eligible to receive Performance Shares, Performance Units or other Performance Awards after the commencement of a Performance Cycle.

VII

OTHER STOCK-BASED AWARDS

7.1 Grant of Stock-Based Awards. Subject to the one-year minimum vesting requirement described below, the Administrator is authorized to make Awards of other types of equity-based or equity-related awards (collectively, "Stock-Based Awards") not otherwise described by the terms of the Plan in such amounts and subject to such terms and conditions as the Administrator shall determine, including without limitation the payment of cash bonuses or other incentives in the form of Stock-Based Awards. Unless otherwise determined by the Administrator, all Stock-Based Awards shall be evidenced by an Award Agreement. Such Stock-Based Awards may be granted as an inducement to enter the employ of the Company, any Affiliate or any Subsidiary or in satisfaction of any obligation of the Company, any Affiliate or any Subsidiary to an officer or other key

employee, whether pursuant to this Plan or otherwise, that would otherwise have been payable in cash or in respect of any other obligation of the Company. Such Stock-Based Awards may entail the transfer of actual Shares, or payment in cash or otherwise of amounts based on the value of Shares and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

VIII

MINIMUM VESTING REQUIREMENTS

8.1 Generally. No Award granted under the Plan may vest before the first anniversary of the date of grant, subject to certain accelerated vesting contemplated under the plan, with the exception of (i) Awards covering up to five percent (5%) of the number of Shares reserved for issuance under the Plan, (ii) Awards granted in replacement of Awards previously granted under the Plan or another long-term incentive plan of the Company or its Affiliate, (iii) Awards granted in connection with the assumption or substitution of awards as part of a corporate transaction, and (iv) Awards that may be settled only in cash.

IX

DIVIDEND EQUIVALENTS

9.1 Generally. Dividend Equivalents may be granted to Participants at such time or times as shall be determined by the Administrator. Dividend Equivalents may be granted in tandem with other Awards, in addition to other Awards, or freestanding and unrelated to other Awards. Notwithstanding the terms of this Section 9.1, no Dividend Equivalents shall be granted with respect to Options or SARs. The grant date of any Dividend Equivalents under the Plan will be the date on which the Dividend Equivalent is awarded by the Administrator, or such other date permitted by applicable laws as the Administrator shall determine. Dividend Equivalents may, at the discretion of the Administrator, be fully vested and non-forfeitable when granted or subject to such vesting conditions as determined by the Administrator; provided, that, unless the Administrator shall determine otherwise in an Award Agreement, Dividend Equivalents with respect to Awards shall not be fully vested until the Awards have been earned and shall be forfeited if the related Award is forfeited. Dividend Equivalents shall be evidenced in writing, whether as part of the Award Agreement governing the terms of the Award, if any, to which such Dividend Equivalent relates, or pursuant to a separate Award Agreement with respect to freestanding Dividend Equivalents, in each case, containing such provisions not inconsistent with the Plan as the Administrator shall determine, including customary representations, warranties and covenants with respect to securities law matters.

X

TERMINATION AND FORFEITURE

10.1 Termination. Except as provided in Article XI or in the applicable Award Agreement, or as determined by the Administrator, unvested awards granted under the Omnibus Incentive Plan will be forfeited upon a Participant's termination of employment or service to the Company for any reason.

10.2 Forfeiture and Recoupment of Awards. Awards granted under this Plan (and gains earned or accrued in connection with Awards) shall be subject to such generally applicable policies as to forfeiture and recoupment (including, without limitation, upon the occurrence of material financial or accounting errors, financial or other misconduct or Competitive Activity) as may be adopted by the Administrator or the Board from time to time. Any such policies may (in the discretion of the Administrator or the Board) be applied to outstanding Awards at the time of adoption of such policies, or on a prospective basis only. Participants shall also forfeit and disgorge to the Company any Awards granted or vested and any gains earned or accrued due to the exercise of Options or SARs or the sale of any Company Common Stock to the extent required by applicable law or as required by any stock exchange or quotation system on which the Company Common Stock is listed or quoted, in each case in effect on or after the Effective Date, including but not limited to Section 304 of the Sarbanes-Oxley Act of 2002 and Section 10D of the Exchange Act and any regulations promulgated thereunder. For the avoidance of doubt, the Administrator shall have full authority to implement any policies and procedures necessary to comply with applicable law and/or the requirements of any stock exchange or quotation system on which the Company Common Stock is listed or quoted. The implementation of policies and procedures pursuant to this Section 10.2 and any modification of the same shall not be subject to any restrictions on amendment or modification of Awards.

10.3 Clawbacks. Awards shall be subject to any generally applicable clawback policy adopted by the Administrator, the Board or the Company that is communicated to the Participants or any such policy adopted to comply with applicable law.

XI

CHANGE IN CONTROL

11.1 Alternative Award. Unless otherwise provided in an Award Agreement, and other than with respect to the Performance Award Conversion, no cancellation, acceleration or other payment shall occur in connection with a Change in Control pursuant to Section 11.3 with respect to any Award or portion thereof as a result of the Change in Control if the Administrator reasonably determines in good faith, prior to the

occurrence of the Change in Control, that such Award shall be honored or assumed, or new rights substituted therefor following the Change in Control (such honored, assumed or substituted award, an "Alternative Award"), provided that any Alternative Award must (i) give the Participant who held the Award rights and entitlements substantially equivalent to or better than the rights and terms applicable under the Award immediately prior to the Change in Control, including an equal or better vesting schedule and that Alternative Awards that are stock options have identical or better methods of payment of the exercise price thereof; (ii) have terms such that if a Participant's employment is involuntarily terminated by the Company or its successor other than for Cause or, if such Participant's Award Agreement includes a definition of "Good Reason," by the Participant with Good Reason, in each case within the twelve (12) months following a Change in Control at a time when any portion of the Alternative Award is unvested, the unvested portion of such Alternative Award shall immediately vest in full and such Participant shall receive (as determined by the Board prior to the Change in Control) either (A) a cash payment equal in value to the excess (if any) of the fair market value of the stock subject to the Alternative Award at the date of exercise or settlement over the price (if any) that such Participant would be required to pay to exercise such Alternative Award or (B) publicly-traded shares or equity interests equal in value (as determined by the Administrator) to the value in clause (A) and (iii) comply with Section 409A of the Code and other applicable laws.

11.2 Performance Award Conversion. Unless otherwise provided in an Award Agreement, upon a Change in Control, then-outstanding Performance Awards shall be modified to remove any Performance Goals applicable thereto and to substitute, in lieu of such Performance Goals, vesting solely based on the requirement of continued service through, as nearly as is practicable, the date(s) on which the satisfaction of the Performance Goals would have been measured if the Change in Control had not occurred (or, if applicable, the later period of required service following such measurement date) (such Awards, the "Alternative Performance Awards"), with such service-vesting of the Alternative Performance Awards to accelerate upon the termination of service of the holder prior to such vesting date(s) thereof, if such termination of service satisfies the requirements of clause (ii) of Section 11.1. Unless otherwise determined by the Administrator, the number of Alternative Performance Awards shall be equal to (i) if less than 50% of the Performance Cycle has elapsed, the target number of Performance Awards pro rated based on the elapsed period of time between the grant date and the date of the Change in Control, and (ii) if 50% or more of the Performance Cycle has elapsed, a number of Performance Awards based on actual performance through the date of the Change in Control pro rated based on the elapsed period of time between the grant date and the date of the Change in Control (with the Administrator as constituted prior to the Change in Control making any determinations necessary to determine the pro rata number of Alternative Performance Awards and the vesting date(s) thereof). The conversion of the Performance Awards into Alternative Performance Awards is referred

to herein as the "Performance Award Conversion." Following the Performance Award Conversion, the Alternative Performance Awards shall either remain outstanding as Alternative Awards consistent with this Section 11.2 or shall be treated as provided in Section 11.3.

11.3 Accelerated Vesting and Payment. Except as otherwise provided in this Article XI or in an Award Agreement, upon a Change in Control:

(a) each vested and unvested Option or SAR shall be canceled in exchange for a payment equal to the excess, if any, of the Change in Control Price over the applicable Option Price or Base Price;

(b) the vesting restrictions applicable to all other unvested Awards (other than (x) freestanding Dividend Equivalents not granted in connection with another Award and (y) Performance Awards) shall lapse, all such Awards shall vest and become non-forfeitable and be canceled in exchange for a payment equal to the Change in Control Price;

(c) the Alternative Performance Awards shall be canceled in exchange for a payment equal to the Change in Control Price;

(d) all other Awards (other than freestanding Dividend Equivalents not granted in connection with another Award) that were vested prior to the Change in Control but that have not been settled or converted into Shares prior to the Change in Control shall be canceled in exchange for a payment equal to the Change in Control Price; and

(e) all freestanding Dividend Equivalents not granted in connection with another Award shall be cancelled without payment therefor.

To the extent any portion of the Change in Control Price is payable other than in cash and/or other than at the time of the Change in Control, Award holders under the Plan shall receive the same value in respect of their Awards (less any applicable exercise price, Base Price or similar feature) as is received by the Company's stockholders in respect of their Company Common Stock (as determined by the Administrator), and the Administrator shall determine the extent to which such value shall be paid in cash, in securities or other property, or in a combination of cash and securities or other property, consistent with applicable law. To the extent any portion of the Change in Control Price is payable other than at the time of the Change in Control, the Administrator shall determine the time and form of payment to the Award holders consistent with Section 409A of the Code and other applicable laws. For avoidance of doubt, upon a Change in Control the Administrator may cancel Options and SARs for no consideration

if the Fair Market Value of the Shares subject to such Options or such SARs is less than or equal to the Option Price of such Options or the Base Price of such SARs.

XII

OTHER PROVISIONS

12.1 Awards Not Transferable. Except as otherwise determined by the Administrator, no Award or interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law, by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this Section 12.1 shall prevent transfers by will, by the applicable laws of descent and distribution or pursuant to the beneficiary designation procedures approved by the Company pursuant to Section 12.14 or, with the prior approval of the Company, estate planning transfers.

12.2 Amendment, Suspension or Termination of the Plan or Award Agreements.

(a) The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator; provided that without the approval by a majority of the shares entitled to vote at a duly constituted meeting of shareholders of the Company, no amendment or modification to the Plan may (i) except as otherwise expressly provided in Section 3.3, increase the number of Shares subject to the Plan or the individual Award limitations specified in Section 3.2; (ii) modify the class of persons eligible for participation in the Plan or (iii) materially modify the Plan in any other way that would require shareholder approval under applicable law. Except as otherwise expressly provided in the Plan, neither the amendment, suspension or termination of the Plan shall, without the written consent of the holder of the Award, adversely alter or impair any rights or obligations under any Award theretofore granted.

(b) The Administrator at any time, and from time to time, may amend the terms of any one or more existing Award Agreements, provided, however, that the rights of a Participant under an Award Agreement shall not be adversely impaired without the Participant’s written consent. The Company shall provide a Participant with notice of any amendment made to a Participant’s existing Award Agreement.

(c) No Award may be granted during any period of suspension nor after termination of the Plan, and in no event may any Award be granted under this Plan after the expiration of ten (10) years from the Effective Date.

12.3 Effect of Plan upon Other Award and Compensation Plans. The adoption of this Plan shall not affect any other compensation or incentive plans in effect for the Company or any of its Affiliates. Nothing in this Plan shall be construed to limit the right of the Company or any of its Affiliates (a) to establish any other forms of incentives or compensation for Service Providers or (b) to grant or assume options or restricted stock other than under this Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options or restricted stock in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

12.4 At-Will Employment. Nothing in the Plan or any Award Agreement hereunder shall confer upon the Participant any right to continue as a Service Provider of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company or any of its Affiliates, which are hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without Cause.

12.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

12.6 Conformity to Securities Laws. The Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated under any of the foregoing, to the extent the Company, any of its Affiliates or any Participant is subject to the provisions thereof. Notwithstanding anything herein to the contrary, the Plan shall be administered, and Awards shall be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and Awards granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

12.7 Term of Plan. The Plan shall become effective on the date first written above (the "Effective Date") and shall continue in effect, unless sooner terminated pursuant to Section 12.2, until the tenth (10th) anniversary of the Effective Date. The provisions of the Plan shall continue thereafter to govern all outstanding Awards.

12.8 Governing Law. To the extent not preempted by federal law, the Plan shall be construed in accordance with and governed by the laws of the State of Delaware regardless of the application of rules of conflict of law that would apply the laws of any other jurisdiction.

12.9 Severability. In the event any portion of the Plan or any action taken pursuant thereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

12.10 Governing Documents. In the event of any express contradiction between the Plan and any Award Agreement or any other written agreement between a Participant and the Company or any Affiliate that has been approved by the Administrator, the express terms of the Plan shall govern, unless it is expressly specified in such Award Agreement or other written document that such express provision of the Plan shall not apply.

12.11 Withholding Taxes. In addition to any rights or obligations with respect to Withholding Taxes under the Plan or any applicable Award Agreement, the Company or any Affiliate employing a Service Provider shall have the right to withhold from the Service Provider, or otherwise require the Service Provider or an assignee to pay, any Withholding Taxes arising as a result of grant, exercise, vesting or settlement of any Award or any other taxable event occurring pursuant to the Plan or any Award Agreement, including, without limitation, to the extent permitted by law, the right to deduct any such Withholding Taxes from any payment of any kind otherwise due to the Service Provider or to take such other actions (including, without limitation, withholding any Shares or cash deliverable pursuant to the Plan or any Award) as may be necessary to satisfy such Withholding Taxes.

12.12 Section 409A. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the adoption of the Plan. Notwithstanding any provision of the Plan to the contrary, in the event that following the adoption of the Plan, the Administrator determines that any Award may be subject to Section 409A of the Code and related regulations and Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the adoption of the Plan), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance or (c) comply with any correction procedures available with respect to Section 409A of the Code. Notwithstanding anything else contained in this Plan or any Award Agreement to the contrary, if a Service

Provider is a “specified employee” as determined pursuant to Section 409A under any Company Specified Employee policy in effect at the time of the Service Provider’s “separation from service” (as determined under Section 409A) or, if no such policy is in effect, as defined in Section 409A of the Code, then, to the extent necessary to comply with, and avoid imposition on such Service Provider of any tax penalty imposed under, Section 409A of the Code, any payment required to be made to a Service Provider hereunder upon or following his or her separation from service shall be delayed until the first to occur of (i) the six-month anniversary of the Service Provider’s separation from service and (ii) the Service Provider’s death. Should payments be delayed in accordance with the preceding sentence, the accumulated payment that would have been made but for the period of the delay shall be paid in a single lump sum during the ten (10)-day period following the lapsing of the delay period. No provision of this Plan or an Award Agreement shall be construed to indemnify any Service Provider for any taxes incurred by reason of Section 409A (or timing of incurrence thereof), other than an express indemnification provision therefor.

12.13 Notices. Except as provided otherwise in an Award Agreement, all notices and other communications required or permitted to be given under this Plan or any Award Agreement shall be in writing and shall be deemed to have been given if delivered personally, sent by email or any other form of electronic transfer approved by the Administrator, sent by certified or express mail, return receipt requested, postage prepaid, or by any recognized international equivalent of such delivery, (i) in the case of notices and communications to the Company, to its current business address and to the attention of the Corporate Secretary of the Company or (ii) in the case of a Participant, to the last known address, or email address or, where the individual is an employee of the Company or one of its Subsidiaries, to the individual’s workplace address or email address or by other means of electronic transfer acceptable to the Administrator. All such notices and communications shall be deemed to have been received on the date of delivery, if sent by email or any other form of electronic transfer, at the time of dispatch or on the third business day after the mailing thereof.

12.14 Beneficiary Designation. Each Participant under the Plan may from time to time pursuant to procedures approved by the Company name any beneficiary or beneficiaries by whom any right under the Plan is to be exercised in case of such Participant’s death.

Exhibit 10.5

DIRECTOR INDEMNIFICATION AGREEMENT

Indemnification Agreement (this "Agreement"), dated the date set forth on the signature page hereof, between Warner Music Group Corp., a Delaware corporation (the "Company") and the director whose name appears on the signature page hereof ("Indemnitee").

WHEREAS, qualified persons are reluctant to serve corporations as directors or otherwise unless they are provided with appropriate indemnification and insurance against claims arising out of their service to and activities on behalf of the corporations;

WHEREAS, the Company has determined that attracting and retaining such persons is in the best interests of the Company and its stockholders, and the Company desires the benefits of having Indemnitee serve as a director secure in the knowledge that any and all expenses, liability or losses incurred by him or her in his or her good faith service to the Company will be borne by the Company and its successors and assigns;

WHEREAS, the Company has determined that it is reasonable, prudent and necessary for the Company to indemnify Indemnitee to the fullest extent permitted by applicable law and to provide reasonable assurance regarding insurance;

WHEREAS, this Agreement is a supplement to and in furtherance of the bylaws and certificate of incorporation of the Company, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's bylaws, certificate of incorporation and insurance as adequate in the present circumstances, and may not be willing to serve as a director without adequate protection and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he or she be so indemnified.

NOW, THEREFORE, in consideration of the Indemnitee's agreement as a director from and after the date hereof, the Company and Indemnitee hereby agree as follows:

1. Defined Terms; Construction.

(a) Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Change in Control" means, and shall be deemed to have occurred if, on or after the date of this Agreement, (i) any "person" (as such term is used in Sections 13(d) and

14(d) of the Securities Exchange Act of 1934, as amended), other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries acting in such capacity, or (B) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than 50% of the total voting power represented by the Company's then outstanding Voting Securities, (ii) during any period of two consecutive years commencing from and after the date hereof, individuals who at the beginning of such period constitute the board of directors of the Company (the "Board") and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 50% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of its assets, or (v) the Company shall file or have filed against it, and such filing shall not be dismissed, any bankruptcy, insolvency or dissolution proceedings, or a trustee, administrator or creditors committee shall be appointed to manage or supervise the affairs of the Company.

"Corporate Status" means the status of a person who is or was a director (or a member of any committee of a board of directors), officer, employee or agent (including without limitation a manager of a limited liability company) of the Company or any of its Subsidiaries, or of any predecessor thereof, or is or was serving at the request of the Company as a director (or a member of any committee of a board of directors), officer, employee or agent (including without limitation a manager of a limited liability company), of another entity, or of any predecessor thereof, including service with respect to an employee benefit plan (including in a fiduciary or settlor capacity).

"Determination" means a determination that either (x) there is a reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a particular standard of conduct (a "Favorable Determination") or (y) there is no reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a particular standard of conduct (an

"Adverse Determination"). An Adverse Determination shall include the decision that a Determination was required in connection with indemnification and the decision as to the applicable standard of conduct.

"DGCL" means the General Corporation Law of the State of Delaware, as amended from time to time.

"Expenses" means all attorneys' fees and expenses, retainers, court, arbitration and mediation costs, transcript costs, fees and expenses of experts, witnesses and public relations consultants, bonds, costs of collecting and producing documents, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, Insolvency Hearing Costs and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in (whether or not a party thereto), appealing or otherwise participating in a Proceeding.

"Independent Legal Counsel" means an attorney or firm of attorneys competent to render an opinion under the applicable law, selected in accordance with the provisions of Section 5(e), who has not performed any services (other than services in connection with a Determination or a determination regarding the rights of indemnitees under other indemnity agreements with the Company) for the Company or any of its Subsidiaries, Indemnitee or any other party to the Proceeding giving rise to the claim for indemnification hereunder within the last three years. Notwithstanding the foregoing, the term "Independent Legal Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

"Insolvency Hearing Costs" means the reasonable fees, costs and expenses incurred by Indemnitee to retain legal advisors for that Indemnitee's preparation for and attendance at any formal or official hearing in connection with the investigation or inquiry into the affairs of any Company by any bankruptcy trustee or insolvency administrator, receiver, or liquidator or the equivalent under the laws of any jurisdiction where the facts underlying such hearing, investigation or inquiry may be expected to give rise to a Proceeding against such Indemnitee. Insolvency Hearing Costs shall not include any remuneration of any Indemnitee.

"Proceeding" means a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including without limitation (i) a claim, demand, discovery request, formal or informal investigation,

inquiry, administrative hearing, arbitration or other form of alternative dispute resolution, (ii) an appeal from any of the foregoing and (iii) any such action, suit or proceeding brought by or in the right of the Company or a third-party or in which Indemnitee is solely a witness in a proceeding involving the Company.

"Subsidiary" means any corporation, limited liability company, partnership or other entity, a majority of whose outstanding voting securities is owned, directly or indirectly, by a Company.

"Voting Securities" means any securities of the Company that vote generally in the election of directors of the Company.

(b) Construction. For purposes of this Agreement,

(i) References to the Company and any of its Subsidiaries shall include any corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise that before or after the date of this Agreement is party to a merger or consolidation with the Company or any such Subsidiary or that is a successor to the Company as contemplated by Section 9(e) (whether or not such successor has executed and delivered the written agreement contemplated by Section 9(e)).

(ii) References to "fines" shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan.

(iii) References to a "witness" in connection with a Proceeding shall include any interviewee or person called upon to produce documents in connection with such Proceeding.

2. Agreement to Serve.

Indemnitee agrees to serve as a director of the Company or one or more of its Subsidiaries and in such other capacities as Indemnitee may serve at the request of the Company from time to time, and by its execution of this Agreement the Company confirms its request that Indemnitee serve as a director and in such other capacities. Indemnitee shall be entitled to resign or otherwise terminate such service with immediate effect at any time, and neither such resignation or termination nor the length of such service shall affect Indemnitee's rights under this Agreement. This Agreement shall not constitute an employment agreement, supersede any employment agreement to which Indemnitee is a party or create any right of Indemnitee to continued employment or appointment.

3. Indemnification.

(a) Priority of Indemnities. The obligations of the Company hereunder shall be primary, and advancement or indemnification obligations of Access Industries, LLC or any other affiliate of Access Industries, LLC or the Company shall be secondary.

(b) General Indemnification. Subject to Section 3(f), the Company shall indemnify Indemnitee, to the fullest extent permitted by applicable law in effect on the date hereof or as amended to increase the scope of permitted indemnification, against (i) Expenses, losses, liabilities, judgments, fines, penalties and amounts paid in settlement related thereto (including all interest, taxes, assessments and other charges in connection therewith) incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding in any way connected with, resulting from or relating to Indemnitee's Corporate Status, or (ii) any claims (including Expenses, losses, liabilities, judgments, fines, penalties and amounts paid in settlement related thereto and professional advisory service fees and expenses incurred in respect thereof (including all interest, taxes, assessments and other charges in connection therewith)) arising due to the Company paying compensation in respect of such Corporate Status other than in accordance with the payment terms otherwise applicable thereto, in each case whether or not Indemnitee is a party to such Proceeding and whether or not Indemnitee is serving in such Indemnitee's Corporate Status at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. Indemnitee shall have the right to choose counsel of his or her own choice.

(c) Additional Indemnification Regarding Expenses. Without limiting the foregoing, in the event any Proceeding is initiated by Indemnitee, the Company, any of the Company's Subsidiaries or any other person to enforce or interpret this Agreement or any rights of Indemnitee to indemnification or advancement of Expenses (or related obligations of Indemnitee) under the Company's or any such Subsidiary's certificate of incorporation, bylaws or other organizational agreement or instrument, any other agreement to which Indemnitee and the Company or any of its Subsidiaries is party, any vote of stockholders, unitholders, members, managers, partners or directors of the Company or any of its Subsidiaries, the DGCL, any other applicable law or any liability insurance policy, to the fullest extent allowable under applicable law, the Company shall indemnify Indemnitee against Expenses incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding in proportion to the success achieved by Indemnitee in such Proceeding and the efforts required to obtain such success, as determined by the court presiding over such Proceeding. Indemnitee shall be required to reimburse the Company in the event that a final judicial determination is made that such action brought by Indemnitee was frivolous or made in bad faith.

(d) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Expenses, losses, liabilities, judgments, fines, penalties and amounts paid in settlement incurred by Indemnitee, but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for such portion.

(e) Nonexclusivity. The indemnification and advancement rights provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may now or in the future be entitled under the certificate of incorporation, bylaws or other organizational agreement or instrument of the Company or any of its Subsidiaries, any other agreement, any vote of stockholders or directors, the DGCL, any other applicable law or any liability insurance policy. Every other right and remedy shall be cumulative and in addition to every right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the certificate of incorporation, bylaws or other organizational agreement or instrument of the Company or any of its Subsidiaries and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

(f) Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated under this Agreement to indemnify Indemnitee:

(i) For Expenses incurred in connection with Proceedings initiated or brought voluntarily by the Indemnitee and not by way of defense, application for declaratory relief, counterclaim or crossclaim, except (x) as contemplated by Section 3(c) and Section 3(b)(ii), (y) in specific cases if the Board has approved the initiation or bringing of such Proceeding and (z) if the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law or as may be required by law.

(ii) For an accounting of profits arising from the purchase or sale by the Indemnitee of securities of the Company in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

(iii) If and to the extent that it should ultimately be determined by a court of competent jurisdiction in a final and non-appealable decision that Indemnitee acted in bad faith and in a manner which he or she reasonably believed not to be in or opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, Indemnitee had reasonable cause to believe that his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed not to be in or opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(g) Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute such documents and do such acts as the Company may reasonably request to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(h) Contribution.

(i) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company (other than Indemnitee) who may be jointly liable with Indemnitee.

(ii) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, Employee Retirement Income Security Act excise taxes or penalties and amounts paid or to be paid in settlement), in connection with any Proceeding, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (x) the relative benefits received by the Company and Indemnitee as a result of the event(s) or transaction(s) giving cause to such Proceeding and (y) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) or transaction(s).

4. Advancement of Expenses.

The Company shall pay all Expenses incurred by Indemnitee in connection with any Proceeding in any way connected with, resulting from or relating to Indemnitee's Corporate Status, other than a Proceeding initiated by Indemnitee for which the Company would not be obligated to indemnify Indemnitee pursuant to Section 3(f)(i), in advance of the final disposition of such Proceeding, without regard to whether (a) Indemnitee will ultimately be entitled to be indemnified for such Expenses, (b) an Adverse Determination has been made, except as contemplated by the last sentence of Section 5(f) or (c) Indemnitee is able to repay the Expenses. Indemnitee shall repay such amounts advanced only if and to the extent that it shall ultimately be determined by a court of competent jurisdiction in a final and non-appealable decision that Indemnitee is not entitled to be indemnified by the Company for such Expenses. Such repayment obligation shall be unsecured and shall not bear interest. The Company shall not impose on Indemnitee additional conditions to advancement or require from Indemnitee additional undertakings regarding repayment. The Company agrees that for purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed conclusively to be reasonable.

5. Indemnification Procedure.

(a) Notice of Proceeding; Cooperation. Indemnitee shall give the Company notice in writing as soon as practicable of any Proceeding for which indemnification or advancement of Expenses will or could be sought under this Agreement; provided that any failure or delay in giving such notice shall not relieve the Company of its obligations under this Agreement unless and to the extent that (y) none of the Company and its Subsidiaries are party to or aware of such Proceeding and (z) the Company is materially and adversely prejudiced by such failure. The Company shall be entitled to participate in the defense of any Proceeding entitled to indemnification under this Agreement or to assume the defense thereof, with counsel chosen by the Company and reasonably satisfactory to Indemnitee (not to be unreasonably withheld) upon delivery to Indemnitee of written notice of the Company's election to do so; provided, however, that if Indemnitee believes, after consultation with counsel selected by Indemnitee, that (i) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict of interest, (ii) the named parties in such Proceeding (including any impleaded parties) include both the Company and Indemnitee and the Indemnitee concludes that there may be one or more legal defense available to him that are different from or in addition to those available to the Company or (iii) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, then Indemnitee shall be

entitled to retain separate counsel that is selected by Indemnitee and approved by the Company (which approval shall not be unreasonably delayed, conditioned or withheld) (but not more than one law firm plus, if applicable, local counsel in respect of any particular Proceeding), and all Expenses related to such separate counsel shall be borne by the Company.

(b) Settlement. The Company will not, without the prior written consent of Indemnitee, which may be provided or withheld in Indemnitee's sole discretion, effect any settlement of any Proceeding against Indemnitee or which could have been brought against Indemnitee unless such settlement solely involves the payment of money by persons other than Indemnitee and includes an unconditional release of Indemnitee from all liability on any matters that are the subject of such Proceeding and an acknowledgment that Indemnitee denies all wrongdoing in connection with such matters. The Company shall not be obligated to indemnify Indemnitee against amounts paid in settlement of a Proceeding against Indemnitee if such settlement is effected by Indemnitee without the Company's prior written consent, which shall not be unreasonably withheld.

(c) Request for Payment; Timing of Payment. To obtain indemnification payments or advances under this Agreement, Indemnitee shall submit to the Company a written request therefor, together with such invoices or other supporting information as may be reasonably requested by the Company and reasonably available to Indemnitee. The Company shall make indemnification payments to Indemnitee no later than 30 days, and advances to Indemnitee no later than 10 days, after receipt of the written request (and such invoices or other supporting information) of Indemnitee.

(d) Determination. The Company intends that Indemnitee shall be indemnified to the fullest extent permitted by law as provided in Section 3 and that no Determination shall be required in connection with such indemnification. In no event shall a Determination be required in connection with advancement of Expenses pursuant to Section 4 or in connection with indemnification for Expenses incurred as a witness or incurred in connection with any Proceeding or portion thereof with respect to which Indemnitee has been successful on the merits or otherwise (including, without limitation, settlement of any Proceeding with or without payment of money or other consideration or the termination of any issue or matter in such Proceeding by dismissal, with or without prejudice). Any decision that a Determination is required by law in connection with any other indemnification of Indemnitee, and any such Determination, shall be made within 30 days after receipt of Indemnitee's written request for indemnification, as follows:

(i) If no Change in Control has occurred, (w) by a majority vote of the directors of the Company who are not, and have never been, parties to such Proceeding, even though less than a quorum, with the advice of Independent

Legal Counsel, or (x) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, with the advice of Independent Legal Counsel, or (y) if there are no such directors, or if such directors so direct, by Independent Legal Counsel in a written opinion to the Company and Indemnitee, or (z) by the stockholders of the Company.

(ii) If a Change in Control has occurred, by Independent Legal Counsel in a written opinion to the Company and Indemnitee.

The Company shall pay all Expenses incurred by Indemnitee in connection with a Determination. The Company promptly will advise Indemnitee in writing with respect to any Adverse Determination, including a description of any reason or basis for which indemnification is denied. In the event of a Favorable Determination, payment to Indemnitee shall be made within 10 days after such determination. If the person, persons or entity empowered or selected under this Section 5(d) to determine whether Indemnitee is entitled to indemnification shall not have made a determination within 60 days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto.

(e) Independent Legal Counsel. If there has not been a Change in Control, Independent Legal Counsel shall be selected by the Board and approved by Indemnitee (which approval shall not be unreasonably withheld or delayed). If there has been a Change in Control, Independent Legal Counsel shall be selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld or delayed). The Company shall pay the fees and expenses of Independent Legal Counsel and indemnify Independent Legal Counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to its engagement.

(f) Consequences of Determination; Remedies of Indemnitee. The Company shall be bound by and shall have no right to challenge a Favorable Determination. If an Adverse Determination is made, or if for any other reason the Company does not make timely indemnification payments or advances of Expenses, Indemnitee shall have the right to commence a Proceeding before a court of competent

jurisdiction to challenge such Adverse Determination or to require the Company to make such payments or advances (and the Company shall have the right to defend its position in such Proceeding and to appeal any adverse judgment in such Proceeding). Indemnitee shall be entitled to be indemnified for all Expenses incurred in connection with such a Proceeding in accordance with Section 3(c) and to have such Expenses advanced by the Company in accordance with Section 4. If Indemnitee fails to challenge an Adverse Determination within 180 days after the Indemnitee has been notified of such Adverse Determination, or if Indemnitee challenges an Adverse Determination and such Adverse Determination has been upheld by a court of competent jurisdiction in a final and non-appealable decision, then, to the extent and only to the extent required by such Adverse Determination or final decision, the Company shall not be obligated to indemnify or advance Expenses to Indemnitee under this Agreement.

(g) Presumptions; Burden and Standard of Proof. In connection with any Determination, or any review of any Determination, by any person, including a court:

(i) It shall be a presumption that a Determination is not required.

(ii) It shall be a presumption that Indemnitee has met the applicable standard of conduct and has acted in good faith and that indemnification of Indemnitee is proper in the circumstances.

(iii) The burden of proof shall be on the Company to overcome the presumptions set forth in the preceding clauses (i) and (ii), and each such presumption shall only be overcome if the Company establishes that there is no reasonable basis to support it.

(iv) The termination of any Proceeding by judgment, order, finding (whether with or without court approval) or conviction, or upon a plea of *nolo contendere*, or its equivalent, shall not create a presumption that indemnification is not proper or that Indemnitee did not meet the applicable standard of conduct or that a court has determined that indemnification is not permitted by this Agreement or otherwise.

(v) Neither the failure of any person or persons to have made a Determination nor an Adverse Determination by any person or persons shall be a defense to Indemnitee’s claim or create a presumption that Indemnitee did not meet the applicable standard of conduct, and any Proceeding commenced by Indemnitee pursuant to Section 5(f), other than one to enforce a Favorable Determination, shall be *de novo* with respect to all determinations of fact and law.

6. Directors and Officers Liability Insurance.

(a) Maintenance of Insurance. The Company will use commercially reasonable efforts (taking into account the scope and amount of coverage available related to the cost thereof) to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its Subsidiaries from certain liabilities. So long as the Company or any of its Subsidiaries maintains liability insurance for any directors, officers, managers, employees or agents of any such person, the Company shall ensure that Indemnitee is covered by such insurance in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's and its Subsidiaries' then current directors and officers. If at any time (i) such insurance ceases to cover acts and omissions occurring during all or any part of the period of Indemnitee's Corporate Status or (ii) neither the Company nor any of its Subsidiaries maintains any such insurance, the Company shall ensure that Indemnitee is covered, with respect to acts and omissions prior to such date, for at least six years (or such shorter period as is available on commercially reasonable terms) from such time, by other directors and officers liability insurance, in amounts and on terms (including the portion of the period of Indemnitee's Corporate Status covered) no less favorable to Indemnitee than the amounts and terms of the liability insurance maintained by the Company on the date hereof. The Company shall notify Indemnitee of any negative change to coverage or policy terms prior to making any such planned change. Upon request by an Indemnitee, the Company shall provide, at least annually, a certification as to the insurance coverage maintained pursuant to this section. Notwithstanding the foregoing, Indemnitee shall not be obligated to seek recovery under any insurance policies of the Company.

(b) Notice to Insurers. Upon receipt of notice of a Proceeding pursuant to Section 5(a), the Company shall give or cause to be given prompt notice of such Proceeding to all insurers providing liability insurance in accordance with the procedures set forth in all applicable or potentially applicable policies. The Company shall thereafter take all necessary action to cause such insurers to pay all amounts payable in accordance with the terms of such policies, unless the Company shall have paid in full all indemnification, advancement and other obligations payable to Indemnitee under this Agreement.

7. Exculpation, etc.

(a) Limitation of Liability. Indemnitee shall not be personally liable to the Company or any of its Subsidiaries or to the stockholders of the Company or any such Subsidiary for monetary damages for breach of fiduciary duty as a director of the Company or any such Subsidiary; provided, however, that the foregoing shall not eliminate or limit the liability of the Indemnitee (i) for any breach of the Indemnitee's

duty of loyalty to the Company or such Subsidiary or the stockholders thereof; (ii) for acts or omissions in bad faith or which involve intentional misconduct or a knowing violation of the law; (iii) under Section 174 of the DGCL or any similar provision of other applicable corporations law; or (iv) for any transaction from which the Indemnitee derived an improper personal benefit as is determined by a court of competent jurisdiction in a final and non-appealable decision. If the DGCL or such other applicable law shall be amended to permit further elimination or limitation of the personal liability of directors, then the liability of the Indemnitee shall, automatically, without any further action, be eliminated or limited to the fullest extent permitted by the DGCL or such other applicable law as so amended.

(b) Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company or any of its Subsidiaries against Indemnitee or Indemnitee's estate, spouses, heirs, executors, personal or legal representatives, administrators or assigns after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company or any of its Subsidiaries shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

8. Miscellaneous.

(a) Non-Circumvention. The Companies shall not seek or agree to any order of any court or other governmental authority that would prohibit or otherwise interfere, and shall not take or fail to take any other action if such action or failure would reasonably be expected to have the effect of prohibiting or otherwise interfering, with the performance of the Company's indemnification, advancement or other obligations under this Agreement.

(b) Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or

unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

(c) Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, (ii) on the first business day following the date of dispatch if delivered by a recognized next-day courier service or (iii) on the third business day following the date of mailing if delivered by domestic registered or certified mail, properly addressed, or on the fifth business day following the date of mailing if sent by airmail from a country outside of North America, to Indemnitee at the address shown on the signature page of this Agreement, to the Company at the address shown on the signature page of this Agreement, or in either case as subsequently modified by written notice.

(d) Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by all the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

(e) Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns, including without limitation any acquiror of all or substantially all of the Company's assets or business and any survivor of any merger or consolidation to which the Company is party, and shall inure to the benefit of and be enforceable by Indemnitee and Indemnitee's estate, spouses, heirs, executors, personal or legal representatives, administrators and assigns. The Company shall require and cause any such successor, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement as if it were named as the Company herein, and the Company shall not permit any such purchase of assets or business, acquisition of securities or merger or consolidation to occur until such written agreement has been executed and delivered. No such assumption and agreement shall relieve the Company of its obligations hereunder, and this Agreement shall not otherwise be assignable by the Company.

(f) Duration. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is a director or officer of the Company (or is serving at the request of the Company as a director, officer, employee, member, trustee or agent of another company or other entity) as well as for any act performed or omitted to be performed by the Indemnitee in connection with or arising out of or relating to the business of the Company or by virtue of Indemnitee's relationship to the Company and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Proceeding relating to Indemnitee's Corporate Status

(including any rights of appeal thereto) and (ii) throughout the pendency of any Proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret his or her rights under this Agreement, even if, in either case, he or she may have ceased to serve in such capacity at the time of any such Proceeding.

(g) Choice of Law; Consent to Jurisdiction. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware, without regard to the conflict of law principles thereof. The Company and Indemnitee each hereby irrevocably consents to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any Proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state courts of the State of Delaware.

(h) Integration and Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto, provided that the provisions hereof shall be cumulative of (and for the benefit of Indemnitee) and not supersede the provisions of the Company's, or any of its Subsidiaries', certificate of incorporation, bylaws or other organizational agreement or instrument of the Company and its Subsidiaries, any employment or other agreement, any vote of stockholders, unitholders, members, managers, partners or directors, the DGCL or other applicable law. To the extent of any conflict between the terms of this Agreement and any other corporate documents, the terms most favorable to Indemnitee shall apply at the election of Indemnitee.

(i) Counterparts. This Agreement may be executed in one or more counterparts (including facsimile counterparts), each of which shall constitute an original.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of June 2, 2020.

WARNER MUSIC GROUP CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Executive Vice President, General Counsel and Secretary

Address: 1633 Broadway
New York, New York 10019

AGREED TO AND ACCEPTED:

INDEMNITEE:

By: /s/ Stephen Cooper
Name: Stephen Cooper
Title: Director

Address: c/o Warner Music Group Corp
1633 Broadway
New York, New York 10019

Schedule to Exhibit 10.5

The following directors are each party to an Indemnification Agreement with Warner Music Group Corp., each of which is substantially identical in all material respects to the Indemnification Agreement filed as Exhibit 10.5 to this Quarterly Report on Form 10-Q and is dated the date listed below across from such director's name. The actual Indemnification Agreements for such directors are omitted pursuant to Instruction 2 to Item 601 of Regulation S-K.

Name of Signatory	**Date of Agreement**
Michael Lynton	June 2, 2020
Alex Blavatnik	June 2, 2020
Lincoln Benet	June 2, 2020
Mathias Döpfner	June 2, 2020
Noreena Hertz	June 2, 2020
Ynon Kreiz	June 2, 2020
Len Blavatnik	June 2, 2020
Thomas H. Lee	June 2, 2020
Max Lousada	June 2, 2020
Donald A. Wagner	June 2, 2020

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Stephen Cooper, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2020 of Warner Music Group Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: August 4, 2020

/S/ STEPHEN COOPER

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Eric Levin, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2020 of Warner Music Group Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: August 4, 2020

/s/ Eric Levin

Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Warner Music Group Corp. (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen Cooper, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 4, 2020

/S/ STEPHEN COOPER

Stephen Cooper
Chief Executive Officer

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Warner Music Group Corp. (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric Levin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 4, 2020

/S/ ERIC LEVIN

Eric Levin
Chief Financial Officer